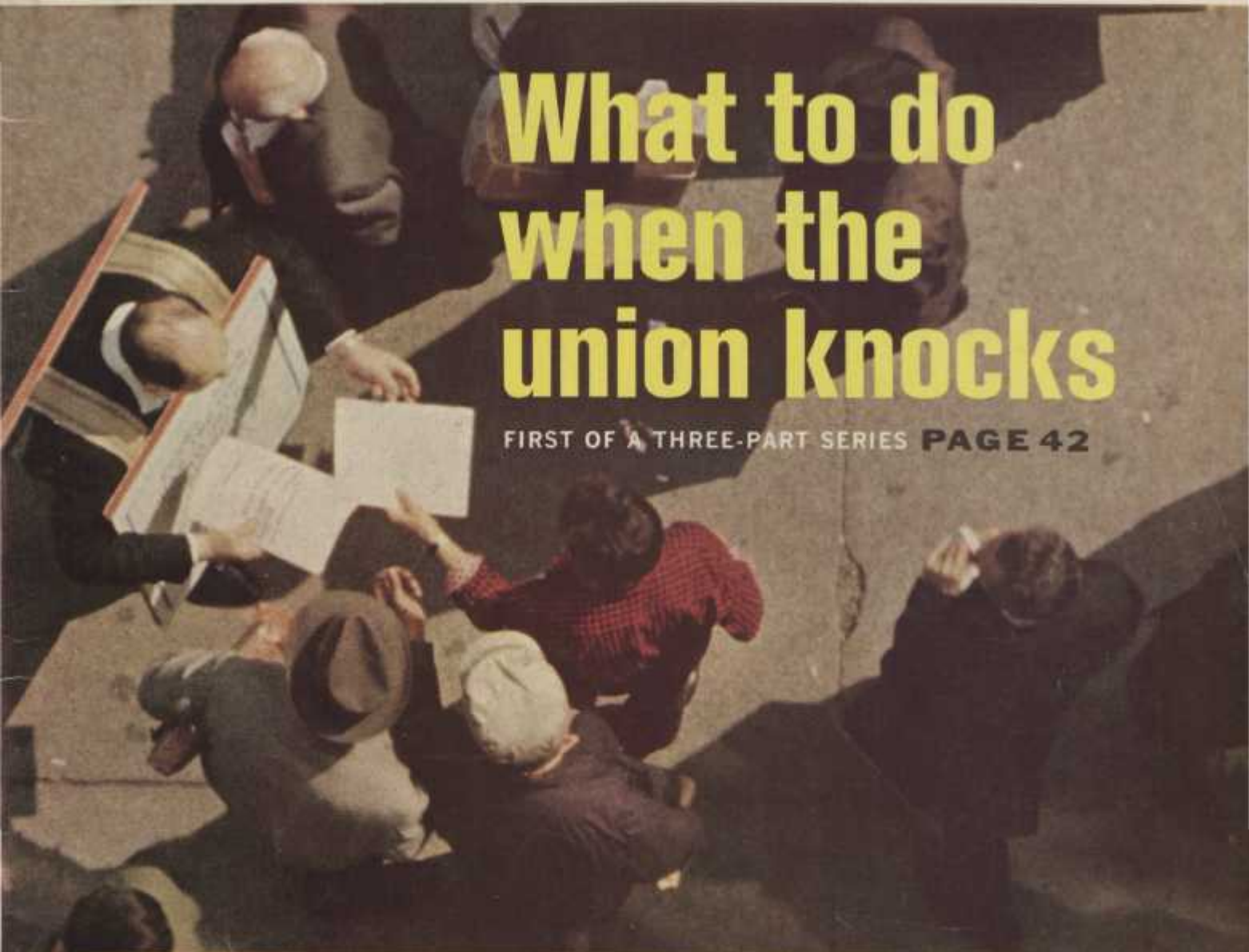


Nation's Business

A USEFUL LOOK AHEAD

NOVEMBER 1966



What to do when the union knocks

FIRST OF A THREE-PART SERIES **PAGE 42**

U. S. finds hot potato in beet fields
The Sam Goldwyn Story—exclusive
How to get through to people

Announcing Dictamite:

(Dictaphone's new pocket-size recorder.)

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Nation's Business

November 1966 Vol. 54 No. 11

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

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Cover photo: Joe Covello—Black Star

Nation's Business is published monthly at 1615 H St. N.W., Washington, D. C. 20006. Subscription rates: United States and possessions \$19.75 for three years; other countries \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. © 1966 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street, N.W., Washington, D. C. 20006

Editorial Headquarters—1615 H Street N. W., Washington, D. C. 20006

Advertising Headquarters—711 Third Avenue, New York, N. Y. 10017

Circulation Headquarters—1615 H Street N. W., Washington, D. C. 20006



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WASHINGTON: A LOOK AHEAD

Suddenly, weather forecasting could be so precise you know we will have an early spring; so you can place firm orders for that spring line.

A big chunk of your market could be in some foreign country you'd barely heard of a few years ago.

But maybe you have to get your new products okayed by a special government-industry board before you can sell them.

And you may have to put that new plant in a giant industrial park elsewhere in the state, because the official federal economic plan for your region says that's where it should be.

This is a forward look—a realistic one—at what may be in store for business with coming significant shifts in the role of the U. S. Department of Commerce.

Big changes will be made in the activities of this important federal agency, changes that will touch every business in the nation.

What's happening is that the once-stolid Department is in a state of transformation. It's getting new duties, losing old ones.

Establishment of new Department of Transportation lops off several big branches of the Commerce Department tree. Commerce loses 20 per cent of its people and 80 per cent of its money—mostly highway trust funds—to the new Department. But some new branches have sprouted. Officials now feel agency can move with more ease into new fields.

More trim and agile look for agency is personified by Commerce Secretary Connor.

Connor, ex-president of Merck, sees his job as encourager, prodder of economic development.

One day he's pitchman for expanding world sales. Next day he's wavy-haired hero defending our Nell (business) from bureaucratic schemers.

Next day, he's nudging more business-government coordination, cooperation, industry self-discipline, new standards of excellence.

For candid, inside look at the future of this important link between business and the rest of Washington, sit and talk with the Secretary of Commerce John Connor in his spacious, richly paneled office.



Sec. Connor

With the government's transportation activities being cut from Commerce, the Department now will focus on four areas: technology, trade, bootstrapping and fact-gathering.

Activities in science and technology will be stressed more. Environmental Science Services Administration was set up last year. It combined Weather Bureau and Coast and Geodetic Survey and added activities to study whole environment with variety of means including space satellites.

In years ahead, weather forecasting, weather control can help business plan, save your facilities from natural disasters.

Patent office will grant patents on speedier basis, spur international computerized system to assure wider, better use of inventions, innovations.

National Bureau of Standards will be busier as government moves toward more so-called consumer protection. Aim will be to encourage more industry-government cooperation, more voluntary high standards, more "fair-labeling," but fair to both manufacturer and consumer, as Connor sees it.

He feels industries face more government checking, monitoring, standard setting. Just as Food and Drug Administration, Securities and Exchange, other regulatory bodies were set up over past generation. He argues public confidence can be boosted when people know checks are put on an industry. Commerce will

WASHINGTON: A LOOK AHEAD

push still harder on promoting exports, with international day events at port cities, other stimulants. A trip to England and Germany is planned this month to meet with business, government officials. An international conference at Bureau of Standards will deal with both trade and technology.

Exports are up about eight per cent this year, but imports are rising twice as fast. Balance of payments deficits still big source of head shaking.

Another expanding area is economic development—bootstrapping lagging sections of U. S. Economic Development Administration created just last year to make grants and loans, give advice to sections with lots of jobless and poor. Appalachia now, other regions eventually.

Idea is to pump in money for facilities, from sewer lines to vocational schools. Hope is to set up regional plans to consolidate, coordinate. Connor would stress more expenditure of technical know-how, less expenditure of tax money.

Big plans for the future, but Viet Nam will delay massive planning for whole multistate regions. They won't spend the \$3 billion authorized for many a moon.

Connor frankly thinks go-slow pace now is good. More chance to plan, examine differences in different regions. (Appalachia needs new rural roads, but New England doesn't, for instance.) High unemployment sections of Great Lakes region differ from poverty belt in Carolinas and Georgia.

Connor believes Uncle Sam should be catalyst, furnish seed money, but let local public and private leaders execute regional plans.

Fourth big area is economic fact-finding. Census, Business and Defense Services Administration, Office of Business Economics pull together millions of statistics to help economic policy setters. By the end of next year, nation will have 200 million people, more than 40 per cent will be minors. These and scads of other facts of dynamic change spell need for keeping tab on economy better, faster.

How does Connor rate in LBJ's Administra-

tion? Is his footing firm? He has accepted speaking invitations deep into next year. Rumors of troubles with LBJ are way off base. Stories of spat came just at time Lyndon and Lady Bird and Jack and Mary Connor were on private outing.

New government-supervised safety clamp-down may be due for oil companies, pipeline operators.

If so, it would mean not only more restrictions on oil-gas industry, but huge government empire-building.

All hangs on whether Federal Power Commission takes on safety checking of national network of pipelines. Some Congressmen seek such action.

Industry maintains it's doing good job policing its own safety needs.

Sources in power commission indicate 500-man safety staff would be needed, if government does the policing.

Also federal government—not the pipeline company—would be responsible in future accidents. Would take monkey off industry's back, but could give public false feeling nothing could ever happen.

Industry statisticians pore over records to figure cost of replacing pipe if FPC demands an all-out safety drive. Any cost eventually would pass to consumers. Estimates indicate hike of at least 10 per cent in the consumers' bill.

Pipeline safety legislation is largely inspired by soon-to-be-published book by safety scare artist, Ralph Nader.

Auto makers push ahead in their quest for safety innovations far beyond government's new car safety law.

New cars, maybe two years from now, will have tougher front ends that crush more controllably in collisions.

For years cars were designed to take advantage of cushioning effect of bending metal in a smashup. The idea now is to make the metal crumple in just the right way to ease the shock.

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IN THE SAME
37' CIRCLE



Progressive education— a mold or a method?

To the Editor:

Firstly, I must commend Professor John Dewey on his efforts to establish a system of progressive education, a topic your columnist, Dr. Felix Morley discussed in his article, "At Last, Some Progress in Progressive Education" [August]. Dewey has the right idea—to learn by doing.

However, he doesn't follow through with this. There are more important things in a child's life than being molded into a routine that the leaders (because they are leaders) think is good and proper.

If a boy wants to become a garbage man, teach him to be a good garbage man. If he wants to change his mind later on, give him the opportunity to do so. This is progressive education.

My generation should be given credit for their bold new approaches to life, politics, etc.

Sen. Robert F. Kennedy was absolutely right when he called the youth of today "the only true international community." He is truly a member of the new movement because he must have been referring not only to America's youth but the youth of the world.

Any American with a reasonable degree of intelligence knows that there is "a change in the air"—a new freedom movement for reli-

gions, nations, races and one's self.

A. S. Neill, a leader of progressive education in England, has never had a failure in ultimately promoting this movement, and his golden rule of "Live and let live" makes a great deal more sense than the old adage—"Do unto others as you would have others do unto you."

With a world of unrest such as it is, any educator with a realistic sense of duty should advocate true progressive education to further the well-being of his son's children and generations to come.

WENDY FAIRCLOUGH
New York, N.Y.

Dr. Morley's reply

Dear Wendy:

You touch on an important point when you say that Bob Kennedy (like his martyred brother before him) communicates directly with your generation.

It has long puzzled me that we give great attention to international relations, labor relations, racial relations, sex relations—but relatively little to relations between the generations.

Yet they are in some respects the most difficult of all, especially in a period of change as pronounced as that in which we live today.

You'll scarcely believe that I

grew up in a home where there was no automobile, no telephone, no electricity and only a coal stove where my mother used to bake our bread (and very good it was).

Why there weren't even any movies, much less TV or record players! We sang things like "The Good Old Summer Time" or "Somebody's Darling," which I don't suppose you would tolerate for a moment.

Among other hardships we had to keep our hair cut, wash our faces and wear clean clothes to school. There we were forced to learn the multiplication table and to spell.

In short, you must make some allowances for the old fogies who didn't have all the advantages at your disposal, but who struggled rather hard to provide them for you.

If we don't always see the "big picture" which is so clear to you today, it could be because we were too busy spreading the canvas for you to paint. And in behalf of my own vanishing generation, I will say that at your age I believe we were every bit as idealistic, as unselfish and even as intelligent as I am sure you are.

If I may offer a word of advice it would be not to let your mind get set in any single rigid pattern of thinking.

Life is like the relay races of the ancient Greeks, in which each runner carried forward the torch handed him by his predecessor.

He ran, of course, as fast as possible. But if the torch went out, even if he was well ahead, he lost.

"Progressive" education will deserve that name only as long as it does not itself become formalized and fossilized like that against which John Dewey rebelled.

FELIX MORLEY
Gibson Island, Md.

Improving on guideposts

To the Editor:

In your column "Washington: A Look Ahead" [September], you pointed out that LBJ's wage-price guideposts have not stopped inflation and said: "Maybe you've got some ideas for a substitute. Let us know."

Perhaps we can borrow an idea from the British and require everyone earning over, say, \$6,000 a year to be given from five to 10 per cent of his pay in Series E government bonds or some similar bond repayable in 36 months (not until 36 months) with four per cent interest.

This would take purchasing power out of circulation while not
(continued on page 82)

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These ten installations are just a few of many that highlight the dynamic growth and development taking place in cities and towns throughout the 120,000-square-mile area served by The Southern Company system. Contributing to this growth is the ample, low-cost electric power supplied by our companies.

Experimental nuclear reactor in Middle South may increase world supply of atomic fuel

AS REPORTED IN THE MAGAZINE
THE CHANGING MIDDLE SOUTH
(Arkansas, Louisiana, Mississippi)

Fossil fuels—gas, oil and coal—are the traditional energy sources for electrical power generation. Now questions are being raised: "What will happen if fossil fuels run out?" and "Can a more economical fuel be found?"

To answer these questions, scientists are looking to atomic energy. A \$25 million "fast breeder reactor" on Devil's Den Road near Fayetteville, Arkansas, is now being constructed. The project is under the aegis of the Southwest Atomic Energy Associates, of which the four Middle South Utilities System companies are charter members.

The reactor's value to industry as a source of engineering knowledge is so incalculable that scientists have labeled it "the most significant nuclear development in the Western World." It is another reason why more industries every year regard the Middle South (Arkansas, Louisiana and Mississippi) as the number 1 plant location site—for profit—in the nation.

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Executive Trends

- U. S. vs. Europe
- College grads and business
- Thwack...Pow, and sales go Zowie

Why made in the U.S.A. can still hold its own

In Europe, labor's cheaper, supervisors fewer and staff specialists only a fraction of those found on U.S. payrolls.

So, manufacturing costs are cheaper. Right?

Not so.

That's the unorthodox conclusion of Serge A. Birn Co., Inc., international consulting management engineers. In an extensive, six-month study of Western European industry, they found, with few exceptions:

- Labor less productive.
- Capital costs higher.
- Work methods and work places inferior.
- Industrial engineers in short supply.

All of which added up to higher costs of manufacturing.

Business and the birds— the engineers' view

It's a lot of bunk, one veteran recruiter says. This talk about college kids being sour on business.

Sure, it's hard to land top-grade recruits, he concedes. But that's because the greatest need in most industries is for engineers and scientists. And they're in short supply.

Last year, job offers to engineers were up 43 per cent, Harry G. Taylor, head of recruitment for Humble Oil & Refining Co., points out. By contrast, job offers to liberal arts and social science ma-

jors were down 15 per cent.

And who pops off in print that "business is for the birds"? It's the humanities and social science grads, he points out, adding:

"In the engineering colleges, they don't even understand the question when I ask them about the existence of an anti-business attitude on their campus."

Zowie...Pow! Watch that cash register

Try this quiz out on your favorite drummer.

Who's America's greatest salesman?

Dale Carnegie?

Diamond Jim Brady?

The Fuller brush man?

The right answer's more likely to be Howdy Doody or Batman. Both of these fictional characters have sold more merchandise—bearing their name—than any real life salesman.

This kind of selling, called licensed merchandising, now adds up to \$400-\$450 million a year, Licensing Corp. of America estimates.

Disney started it, in a big way.

With Howdy Doody, it came of age.

Right now, Batman is tops. He helps sell ice cream, jellies, school lunch boxes, among other things. For example:

Holy Vanilla and Joker Punch—ice cream.

Thwack and Zowie—strawberry jelly and orange marmalade.

Riddler Raspberry—fruit juice.

You pay a royalty averaging



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developed energy absorbing steering column. The Eldorado is a new concept in personal transportation that provides the spirit and action of a performance car with the comfort and five-passenger spaciousness of a luxury car. It is the first car in the world to combine front wheel drive, variable ratio power steering and automatic level control for a totally new kind of driving experience. These are but a few of the many achievements that make the 1967 Cadillac the most practical investment in luxury motoring the world has ever known. Plan to make your own appraisal by seeing your authorized dealer now.



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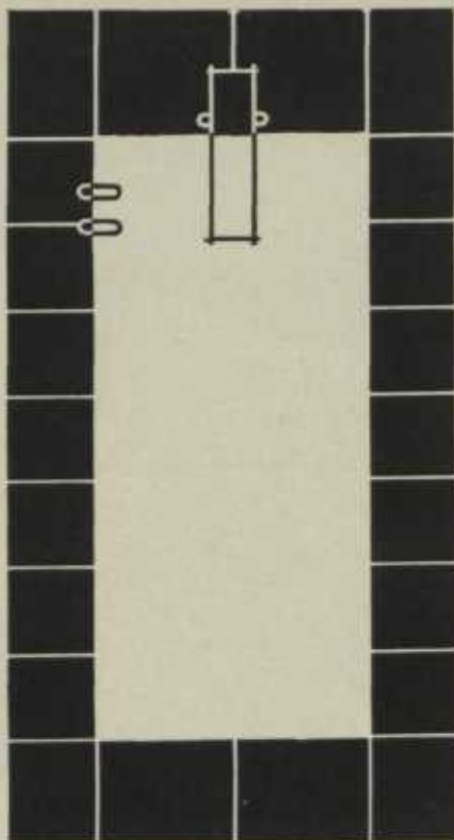
A photograph of a large, multi-paned window in a room with a tiled ceiling. The window is divided into several vertical sections by dark frames. The room appears to be a control room or a large office space.

So we've come up with a lot of different copiers and duplicators that can do a lot of different jobs. Machines that make 7 copies

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Chicago	663-0500	Minneapolis	332-8161
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Cleveland	621-8500	New York	661-3600
Dallas	357-1711	Philadelphia	922-3636
Dayton	224-0703	San Francisco	981-5350
Detroit	963-8800	St. Louis	621-6440
Ft. Worth	274-0943	Toledo	243-6103
Houston	748-3880	Washington	525-6700
Windsor	252-6892		

EXECUTIVE TRENDS

continued

about five per cent of the manufacturer's selling price to rent a widely known name and use it to sell your product.

Even Uncle Sam gets in the act. Smokey the Bear's his property. To get a license to use Smokey's name, see the U. S. Forest Service, Agriculture Department.

Here's where taxes go—more than \$7 billion worth

Know what it costs to write a business letter?

To go from Dear Sir to Yours Truly costs about \$2.82. Or just about the toll you'd pay to drive from the Pennsylvania line to Toledo, Ohio, via the turnpike.

That \$2.82 covers the cost of dictation, typing, stationery, postage.

Every year, some 12 billion business letters are dropped in mail chutes.

Uncle Sam—or his employees—write one billion of 'em. His letters, back to back, would fill about 120,000 four-drawer file cabinets. Washington spends more than \$7 billion yearly on letter writing and other paper work.

The Administrative Management Society does its bit to shrink this staggering cost. It pins awards each year on federal employees who find ways to reduce their paper work.

This year's nominees saved taxpayers an estimated \$80 million. How? By doing what you can do to trim your own paper work costs:

- Weed out, standardize and centralize files.
- Scrap unneeded forms.
- Streamline design, production of printed material.

Still battling that hook and slice . . . then try this

Here are some practice tips for golfers:

Don't stand at the practice tee, hour after hour, slamming away at the ball.

Don't play the same shot, over and over, to get it down perfect.

Don't work on iron shots from an ordinary tee or practice field—only where you can aim for a green and the flag.

Don't practice at all, unless you have some kink or quirk to get out of your system.

Do change the angle and distance often, when practicing iron shots.

Do polish up your game by a leisurely nine-hole jaunt, with all your clubs, four or five balls and a caddie.

Do drop another ball for a second try, when you flub one.

Do leave well enough alone when you've got a shot down pat; more polish might ruin it.

Sound like unorthodox advice?

Well, it's from veteran champion Robert Tyre Jones' new book, "Bobby Jones on Golf" (Doubleday & Co., Inc.) \$5.95, coming out this month.

When you need a word for word record

Need a transcript of your important meetings?

Most office stenographers aren't fast enough to get a verbatim report down on paper. It takes a speed merchant who can sling pot-hooks at 200-280 words per minute, National Shorthand Reporters Assn. says.

To find one, look him up in the yellow pages or ask at your local courthouse, NSRA suggests.

Qualifications to check—past experience, professional awards or Certified Shorthand Reporter status. Ten states (Calif., Colo., Fla., Ill., Iowa, Kans., N.J., N.Y., Okla., Utah) have certification laws.

Equal opportunity and the executive suite

No more signs, "For Whites Only," in business offices.

That's the word from Washington.

But the problem now, experts point out, is not discrimination—but finding qualified, Negro executive talent.

Three Midwestern universities are exploring ways to prepare Negroes for business careers. As plans shape up now, a number of universities would recruit some 100 likely candidates each year for a two-year course leading to an MBA (Master of Business Administration) degree.

Washington University, St. Louis, Mo., the University of Wisconsin and Indiana University are undertaking this task on a Sloan Foundation grant. Dr. Sterling H. Schoen, program director, says:

"True integration will exist only when we develop a substantial middle class of Negroes . . . with business orientation. . . ."



It takes a new year of Buicks to improve on Buick. So the tuned car for '67 means even closer attention to your wants. As in a latch that keeps coupe front seats firmly upright.



And an energy-absorbing steering column — a General Motors development that's reassuring indeed. And the thickly padded visors and instrument panel. And, of course, famous Buick handling.



And the new dual master cylinder brake system with warning light. And the seat belts with push button release, front and rear, that come in every Buick. All standard.



This is a new year for the tuned car, and this Wildcat comes in with a 430-cu. in., 360-hp V-8 and Super Turbine automatic. How easily can it be your Buick year? Easily. Ask your quality Buick dealer.

BUICK '67

THE TUNED CAR



Wildcat Custom Sport Coupe



SALES & SERVICE THROUGHOUT THE U.S. BY BUICK-OLDSMOBILE

Now Pitney-Bowes can



even copy your mail.

First we invented a way to put postage on your mail. Then we came up with a device that seals your mail. We made an Addresser-Printer that addresses your mail, and scales that weigh your mail. And now we can even *copy* your mail.

Because Pitney-Bowes knows the problem of mailing and paper work, and the problems of any office, large or small, we decided to make our own copier. The way we felt a copier should be made. Our 250 copier is a desk model. It uses the electrostatic system, dry copies all colors and holds an image for good. It can make 8 copies a minute and you get your first copy in 15 seconds. Because it uses the roll feed system, you use only as much paper as you need. And you don't have the mess of wet, or peel-apart copies.

To operate, just put the original in, and out comes your copy. And when you need more paper, you can call any of our 250 Pitney-Bowes service points and one of our 2,000 representatives will be right over. Just like he would for a postage meter.

You can own one of our copiers for \$745. Or you can lease or rent one just as economically. To use in your groundfloor real estate office. Or on each of your fifteen floors in Chicago.



Pitney-Bowes





Get the paper towel with man-size strength

Fort Howard paper towels have the kind of strength that makes any hand drying job easy—even wet, they won't tear or shred. And, because Fort Howard uses an exclusive "cross-knit" process, they're soft enough for delicate skin and they have that big he-man thirst. One does the job. You don't need three or four.

You'll find this kind of exceptional quality



in the complete line of sanitary paper products offered by the Fort Howard Paper Man. It's one of the world's most complete lines.

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See the Fort Howard Paper Man

Paper Towels, Paper Napkins, Toilet Tissue, Printed Paper Place Settings for Offices, Industrial Plants, Schools, Restaurants, Hotels, Institutions

Who could ask for anything more?

BY PETER LISAGOR

In the early days of the Johnson Administration, a relative newcomer to the White House staff came away from a meeting of Congressional leaders utterly fascinated by a colloquy between the President and Senate Minority Leader Everett McKinley Dirksen of Illinois.

"I didn't understand much of it," the official said later. "In fact, it sounded like political small talk at some points and gibberish at others. The President asked Dirksen how he felt about something, and the Senator gave him the pros, the cons and in-betweens."

"Then the two of them fell to reminiscing briefly, talking about when they stood together, when they differed. I had a feeling they were communicating with each other in a code only the two of them knew. But whatever was said, it was clear that two old pros were at work, and I'm sure they understood each other perfectly."

A less admiring eavesdropper might have concluded from the Johnson-Dirksen exchange that the two men were engaged in striking a bargain of some kind. Congressional politics has a language of its own, and a quite legitimate quid pro quo can be arranged without the need for either a notary public or a Mephistopheles as a witness. It is a device for keeping the links between the Executive and the legislature from rusting.

But because of a common experience and a somewhat kindred outlook on the motives of men, Johnson and Dirksen probably work closer together than any President and Senate minority leader in modern history. Once asked which Senator is most often consulted on the telephone by the President, a White House aide unhesitatingly replied, "Dirksen."

Both have led the forces of opposition in the Senate against a President of the other party. It fell to Johnson's lot that, for most of the Eisenhower years, Democrats were in the majority in Congress,

and therefore he was a power to be reckoned with and never ignored by the man in the White House. Dirksen has not enjoyed a surplus of power, but it is conceded by even those who consider him more clown than statesman that he has shrewdly made the most of his position.

If Dirksen had wanted to conduct guerrilla operations against the Great Society, he wouldn't have needed any more troops than he has had. But the fact is that he is not an obstructionist, except on



Old pros, like LBJ and Sen. Everett Dirksen, talk a common language that outsiders often don't even dig

rare occasions, and then for some purpose. Like Johnson, he knows the name of the game in Congress is maneuver and compromise; the fellow who can step neatly and deftly around and through the swirling issues is likely to get more than an occasional goodie.

He and the President are alike in other ways. Their respective catalogs of clichés are interchangeable, heavy on the homely metaphor—"the squeaky

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

TRENDS: WASHINGTON MOOD

wheel gets the grease," "the oil can is mightier than the sword," etc. Dirksen is admittedly a frustrated actor and would be comfortable in the capes of a Nineteenth Century thespian doing repertory; the President admits nothing but can nevertheless run the gamut of roles from the humble small-town boy who surmounted family poverty to the expansive rancher who never had a bad day in his life.

In political terms, a key similarity is a deep respect, bordering on reverence, for the office of Presidency. On national security issues, Dirksen can come close to a "my chief, right or wrong" posture, and once drew the wrath of his most ardent supporters for adopting such a stance during the Administration of John F. Kennedy.

Kennedy played on this Dirksen view of the Presidency with a virtuoso's skill, and during the Illinois Republican's re-election campaign in 1962, told the Senator he had nothing to worry about. With equal skill, Dirksen managed to spread the word in Illinois that JFK had, in effect, blessed his re-election. Chances are that it helped. It is also probable that JFK preferred Dirksen in the Senate as a minority leader than to gamble on other G.O.P. leaders who were more conservative and far less compliant than the orator from Illinois.

Johnson's role in the Senate as the Democratic leader during the Eisenhower Administration was not dissimilar to Dirksen's today. As LBJ has often remarked to those he would influence most: "I am the only President you got." Although he was known to be critical of elements of Ike's program, he was, in the main, cooperative, so cooperative on certain philosophical issues that some of the more liberal spirits of the Democratic Party called him "Lying Down Lyndon," meaning that he failed to make the good fight as an opposition leader.

But he earned the plaudits of Ike for his efforts. In his second book on his Presidency, "Waging Peace," General Eisenhower made a footnote reference to Johnson as Senate leader:

"We had our differences, especially in domestic and economic policy. I resented his role in the Senate's rejection of Lewis Strauss as Secretary of Commerce. Yet, when put into perspective, he was far more helpful than obstructive in furthering the recommendations I sent to the Congress. The amount of legislative accomplishment that had been achieved during the six years that I had to work with an opposition Congress led in the Senate by Lyndon Johnson was impressive. For this I was grateful and frequently told him so. We remain, on my part at least, good friends."

Ike's gratitude to Johnson may have been heightened by the experience he had with the Senate leader of his own party, William F. Knowland, of California. From the White House standpoint, Knowland was a man of stubborn integrity with an inability to accommodate the proposals of the President on many issues, foreign and domestic.

A President's ability to get along with opposition

leaders in Congress, especially in the Senate, can be crucial to programs of historical importance. In some cases, an opposition leader may simply "get religion," as happened in the conversion of Michigan's Senator Arthur H. Vandenberg after World War II from a man with deep isolationist instincts to one who used his influence on the Foreign Relations Committee and the floor of the Senate to help pass the great schemes for rehabilitating a distraught and devastated Europe, such as the Marshall Plan.

• • •

In the Congress today, Mr. Johnson is confronted with a number of influential Democratic Senators who oppose his policies in South Viet Nam, who believe that the war is a mistake and ought to be liquidated as quickly as possible consistent with a nation's honor before it leads to a third world war. He gets his main comfort from Republicans like Dirksen, who support the basic premises of the war as a check on the spread of communist influence in Asia.

Dirksen has not been an automatic rubber stamp, but he has been pliable, a quality greatly appreciated by a man with LBJ's persuasive gifts. Dirksen has followed his own course on several issues, winning some and losing a few. He has prevailed in his opposition to repeal of Section 14(b) of the Taft-Hartley Act, that provision enabling states to enact right-to-work laws, but he has gone down on attempts to force a school-prayer amendment through the Senate and to revise the "one man, one vote" ruling of the Supreme Court on legislative apportionment.

Those who impute to Dirksen the constancy of a chameleon in his political coloration like to recite how often he has changed his mind on matters of foreign, military and farm policy in his time as a House member, as well as a Senator. These criticisms fail to disturb the irrepressible Dirksen who understands with Emerson and Lyndon Johnson that consistency is not necessarily the mark of a strong-minded man.

The fact that he doesn't hew to a rigid course makes him an acceptable opposition leader at the White House, even when he strays on crucial issues. His support was vital in the Civil Rights Acts of 1964 and 1965, but he balked at the open housing provisions of the 1966 bill, and his opposition, more than any other individual's, killed it.

• • •

Dirksen will continue to lead opposing forces in the Senate, even those who grumble about his closeness to the White House or fear that he has lost the fire for combat. He will attack with a wit and a wink, and when the President describes his legislative program as one to "enlarge the meaning of life," Dirksen will label it "a blueprint of paradise."

But he understands the game and plays it according to the rules used by the President when he was in opposition. In LBJ's book, that is putting country above party—or at least the Presidency above partisanship. And who could ask for a more loyal opposition than that?



Rebel 770 4-Door Sedan by Rambler

Rebel '67. One fleet car that'll be doing a lot of moonlighting this year. New engines, new size, new room, new safety features, new sass. With an Excitement Machine like this who'd want to stay home?

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American Motors Corporation warrants the engine block, head and internal parts, water pump, intake manifold, transmission case and internal parts (except manual clutch), torque converter, drive shaft, universal joints, rear axle, differential and rear wheel bearings of its 1967 cars to be free from defects in material or workmanship for 5 years or 50,000 miles, whichever comes first. The owner must change the engine oil and install new oil filter every six (6) months or 4,000 miles, whichever comes first, clean oil filler cap (filtered type) and carburetor air cleaner element every 4,000 miles and replace it every 24,000 miles and furnish evidence of this service to an Authorized American Motors Dealer every six (6) months and have him certify its receipt and the car's mileage. Further, American Motors Corporation so warrants the remainder of each car for 2 years or 24,000 miles, whichever comes first, except tires (warranted by tire manufacturer). Any part so defective, will be repaired or replaced, in accordance with the applicable portion of the warranty, without charge at an Authorized American Motors Dealership. Owners are responsible for deterioration, misuse and normal maintenance.

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MADE IN U.S.A.
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3 PLUS

The \$25,065,000 fluorescent

(Yours for only \$1.05)

This is the new General Electric "3 PLUS" 40-watt fluorescent. List price: \$1.05. It costs no more than any other 40-watt fluorescent, but it's better. It produces more light... the first to deliver 3200 lumens. It starts easier, burns longer on older circuits and has less end blackening. It's so much better that the extra light produced over its life is worth a bonus of 22½ cents per lamp. That's an annual light bonus of \$25,065,000 to the buying public... if everyone were to buy G-E "3 PLUS" fluorescent lamps. Of course, not everybody will. But you can get your share of that \$25,065,000 bonus right now. Ask for "3 PLUS" 40-watt fluorescents by General Electric. Call your G-E lamp agent. Or write General Electric Company, Large Lamp Dept., C-612, Nela Park, Cleveland, Ohio 44112.

GENERAL  ELECTRIC

When you vote for a Senator

BY FELIX MORLEY

For a very good reason there should be more, not less, interest in an off-year election than is shown when the Presidency is directly at stake. Concentration on Congressional contests encourages a parallel consideration of the vital importance of the legislative branch. Tyranny can only be established if the law-making body is largely composed of yes-men, as was the case with the German Reichstag under Hitler.

Therefore, in framing the Constitution of the United States, great care was taken to insure that the Congress should never become a mere rubber stamp for Presidential policies. The basic precaution to this end was the establishment of a bi-cameral legislature, with a Senate and House of Representatives. These were given, and still possess, quite different powers. The essential differences should be clear in the mind of every citizen who on November 8 fulfills his primary civic duty of voting.

• • •

The House of Representatives, as its name tells us, is a directly representative body. This implies that every Congressman's primary concern will be the interests of his constituents, though of course with the exercise of his own judgment in assessing the merits of what various pressure groups advocate.

Because his constituency is local the viewpoint of the Representative should also be localized. If the voters who elected him are predominantly farmers then their Congressman will give a major part of his attention to agricultural needs. If a majority in the constituency are industrial workers then the M.C. must examine and balance the often conflicting claims of management and labor. This is not merely practical politics. It is also in strict accord with the architectural plan on which the lower House was built.

The case of a Senator is otherwise. Of course he also represents a locality—his State—which is generally much larger than the constituency of the Congressman. But above and beyond the various activi-

ties in his State the Senator is supposed to support the over-all national interest, even though his interpretation of this may antagonize many who voted for him.

This independence of Senatorial judgment was unanimously urged during the drafting of the Constitution. And its desirability is emphasized in *The Federalist*, where four of the essays (Nos. 62-65 inclusive) are devoted to the purpose and prerogatives of the Senate. As Madison emphasizes, in No.

PHOTO BY NATIONAL GEOGRAPHIC SOCIETY



Men who sit in the Senate have rights and duties that give them a constituency much larger than their state

63, Senatorial self-assertion "may be sometimes necessary as a defence to the people against their own temporary errors and delusions." And since the people "may possibly be betrayed" by their Representatives, a Senator should always feel free to oppose a Congressman from his own State and even of his own political party.

To underline their personal responsibility the Constitution gives Senators a six-year term and limits the office to those who have attained the age of 30. They are also empowered to withhold consent in the making of treaties and in the selection of Ambassadors and other important Presidential nominees. Originally it was stipulated that Senators should be chosen by the State legislatures and not by popular

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

vote, in order to make them more immune from popular pressures.

Since adoption of the Seventeenth Amendment, in 1913, Senators, like Representatives, have been elected directly by the people. But the six-year term and all their special prerogatives remain unaltered. The only change brought by direct election has been to transfer responsibility for wise selection from the State legislatures to the voters. That responsibility is not fulfilled unless the individual voter understands that the primary loyalty of a Senator is not to party or locality, but to the welfare of the nation as a whole.

• • •

Voters could more easily forget this peculiar responsibility of their Senators because, so far as the State legislatures are concerned, distinction between the two Houses has been largely broken down. Recently reapportionment decisions of the Supreme Court, keyed to the doctrine of "one man, one vote," have made both local Chambers equally parochial. Now they both represent "people" in approximately equal numerical blocs, and nothing more. The larger interests of each State as a quasi sovereignty is no longer the business of State Senates and less so because of the assumption of sovereign powers by specialized federal agencies.

This revolutionary change in our political theory, however, has not affected the Senate of the United States. Its special position is clearly defined by the Constitution and therefore indestructible except by formal Amendment. Alaska, with only one person for every 75 in New York State, has nevertheless the same number of Senators. While this may seem "invidious discrimination" to Chief Justice Warren and his colleagues, there is nothing they can do about it.

The power at the disposal of a competent and courageous Senator, regardless of the importance of his State, has more than fulfilled the anticipations of the Founding Fathers. Time and again thinly populated areas have sent to the Senate men who have contributed greatly to this country's development and repute. Our electoral system, as it now operates, definitely excludes the weaker States from access to the Presidency. But nothing, other than voter indifference, keeps any State from sending great men to the Senate.

This was well illustrated 10 years ago when the Senate voted unanimously to place in its Reception Room portraits of "five outstanding Senators of the past." The "famous five," as they have come to be known, are Henry Clay, Daniel Webster, John C. Calhoun, Robert M. La Follette Sr. and Robert A. Taft. All of these men hoped for the Presidency even though three of them came from States which have never elected a citizen to that office. But all of them, as Senators, contributed stature to American history, more so indeed than many who have reached the White House.

Happily this traditional Senatorial contribution

continues. In the Eighty-ninth Congress there were many Senators who time and again exhibited great political courage in what they consider to be the national interest. Among the Republicans, in formal opposition, this was to be expected. But a number of Democratic Senators, perhaps especially Fulbright of Arkansas and Mansfield of Montana, have been even more forthright in questioning Administration policies which seemed to them of a dubious or dangerous nature.

Time will tell whether these Senators, and others, have been wise or otherwise in their condemnations, but either way this is beside the point. The larger consideration is that under our system the Senate has concurrent authority with the President in many matters. If the President is impeached, as happened in the case of Andrew Johnson, the Senate is even empowered to convict and remove him from office. In all matters of major national importance it is the duty as well as the privilege of a Senator to rise above partisanship and speak out as his conscience and intelligence impel.

Quite understandably, no President likes the full exercise of Senatorial prerogative. Lyndon Johnson was obviously annoyed when the Senate Democratic Policy Committee urged a substantial reduction of our military force in Europe. Said the President: "We do not think that this involved problem can be solved by Senate resolutions." Maybe not; but it should be added that there is no problem of national concern so involved that Senators are precluded from giving advice as to its solution. They are expected to withhold consent in respect to poor policies as well as poor appointments.

• • •

The moral for the coming election is clear. Every voter who values the American system of government must use discriminating care in judging the Congressional candidates now seeking his support.

In the House of Representatives party alignment is very important. The country is not well governed if the opposition there can be crushed by mere weight of numbers. Nevertheless the preferable candidate is the one who can best be trusted to represent the constituency fairly and effectively. Other things being equal, an incumbent who has acquired influence and prestige should not be lightly displaced.

In the Senate, for reasons set forth, the quality of the individual is all-important. The criterion of choice there is not partisanship but personal integrity and independence. It is to be noted that only one third of the Senate seats, as contrasted with every seat in the House, is now to be filled. This alone suggests that those who now have the privilege of electing Senators should give that issue most careful consideration.

And no deliberation that focuses on the Constitutional differences between House and Senate will be wasted time. For such deliberation is essential if our system of government is to be maintained. Lives and treasure are being poured out to bring constitutional government to Viet Nam. Election day is a good time to demonstrate that we also place a high value on the preservation of this priceless heritage at home.

Give SBC a mountain of paperwork. Get back a neat little stack of vital business facts.

Your mountain of paperwork may be worth its weight in gold.

To start with, SBC can convert it into an automated accounts receivable system. The fastest, most efficient system you've ever used. Complete with computer-printed, ready-to-mail statements that tell you and your customer all the vital facts at a glance: when he ordered, how much he owes you and how long he's owed it.

Next, your mountain of paperwork contains facts and figures that can take the guesswork out of many business decisions. Facts that could help you cut operating expenses. Cut down over-extended credits. Facts that provide a complete sales analysis and uncover

new or changing buying trends.

Are these facts difficult or costly to obtain? Yes—if you're not geared to this tremendous information retrieval task. No—if SBC is handling your accounts receivable problem. All it takes is a few extra programming steps and a little more time on our IBM computers and you automatically get your neat little stack of vital business facts. What it costs you to carry an account. Its average purchase size. Total sales and number of purchases year to date. The total credit picture. Miscellaneous and service charges and costs. Almost anything.

You'll always know exactly where you stand and where you're

going with each customer. With all your customers. With each product. With all your products.

Moral? Complete the coupon below. It will cost you all of two minutes and 5¢ postage. Yet it could lead to happiness.



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1350 Avenue of the Americas,
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Please tell me how you can solve my accounts receivable paperwork problem.

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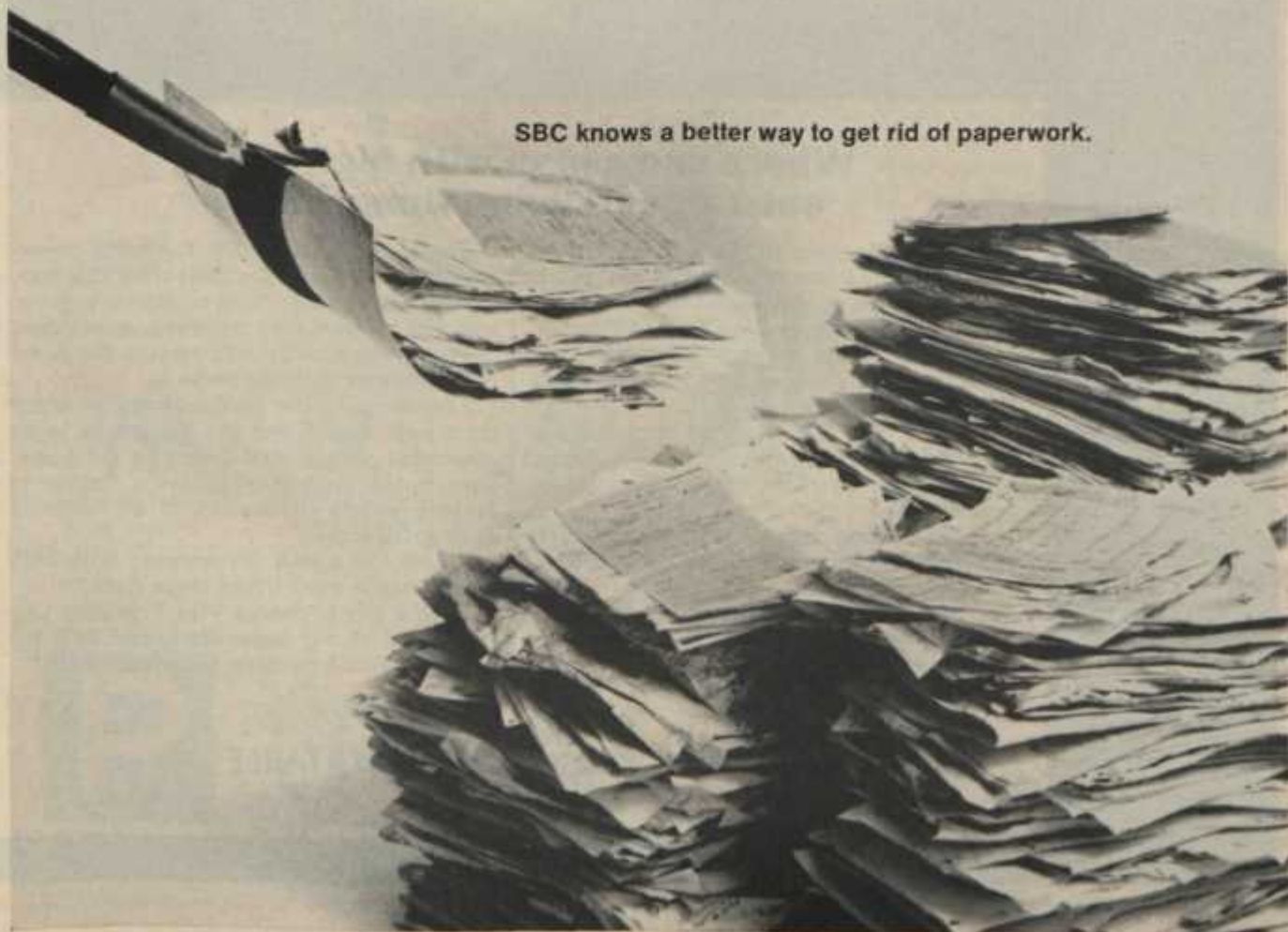
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Firm

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City State Zip

SBC knows a better way to get rid of paperwork.





Where can a man with high ideals earn a good living these days?

Some people seem to think that the days are gone when a man could live by his principles and earn a good living at the same time.

But they don't know Don Kent of Trenton, Michigan. Or Paul Hicks of Rye, New York. Or Marx Rosenzweig of New Orleans. These three Equitable men do both.

Because they feel the work they do is so important—helping people build a better future—they spare no effort to do the best possible job.

If this means going out of their way to nail down a stubborn detail, or working overtime to solve a tough problem, they do it. For men and women like these, the extra service they provide pays off in extra satisfaction (and a good living, too).

There are nearly 8,000 Equitable representatives who look upon their work this way.

Which is why Equitable continues to grow, and why we need even more representatives.

Those who qualify will receive the finest life insurance training there is.

They'll enjoy the independence of being their own bosses, and the stature of being associated with a vital leader in the insurance world. And they'll have a chance to become leaders themselves, in all forms of Living Insurance.

Where can a man (or woman) with high ideals earn a good living these days?

Drop a line to Senior Vice President Coy G. Eklund at our home office, and he'll tell you. Or ask a local Man from Equitable.

LIVING INSURANCE...FROM **EQUITABLE**



Traffic safety made simple

BY ALDEN H. SYPHER



Pedestrian crossing



Children



Road works



Turn left ahead



No left turn



No entry



Road narrows



Cross roads



Slippery



Parking



Parking prohibited



Level crossing without gates



Level crossing with gates



Bump

LONDON—An American who never before has toured by car in Europe may drive (on the left) from Stockholm through half a dozen European countries (on the right) with as many different languages, to the Italian Riviera with fewer traffic sign difficulties than he has had in finding the exit he wants off the Washington Beltway.

He may wander at will through France, Luxembourg and Belgium (on the right), ferry his car across the Channel and drive in England (on the left), and still have less trouble with traffic signs in that 7,000-mile journey than he might have had in reading a single sign on the same Beltway.

For the Europeans, and lately the English, mark their roads in the only internationally understood way we have of communicating—with pictures.

Not only are these crystal-clear regardless of the language of the driver, they have another advantage that would work as favorably in the United States as it does here—these pictures are instantly understood. Even a child, or an illiterate, knows what they mean.

• • •

Pictures usually convey more than the signs they have replaced.

"School Crossing" means one thing. An outline picture, only the size of a traffic sign, of a little girl running with pigtails flying, hand in hand with a little boy, tells more and tells it quickly.

It makes clear the presence of children. But it says

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

TRENDS: RIGHT OR WRONG

also that children run when they play, and are light-hearted, and not wholly responsible.

There's a difference. In the case of the old sign, as a responsible driver you became more alert and looked ahead for children. When you see the picture you are reminded what delightful, lovely creatures children are, and you apply the brakes as well.

Smokey the Bear is an American institution, and no doubt deserves much credit for reducing the carelessness that causes so many forest fires.

He offers messages about breaking matches, dousing camp fires and other fire preventative measures, briefly enough that the time taken to read them does not divert a driver to the point of danger.

There's no doubt that a bear in a Boy Scout hat is cute and attracts attention, but is he as effective as a simple picture less than two feet in diameter showing the charred, blackened trunk and main limbs of a tree with a flaming match below?

A railroad crossing (there are lots of them) is marked with the picture of a puffing locomotive, and the warning for a crossing protected by a gate is a picture of the gate.

Arrows are used where necessary to show the direction you must take, and arrows crossed by a red bar the direction you must not. For example, an arrow turned to a right angle with a red band slanting through it says instantly, clearly and simply: "No right turn." It says it without words.

Nothing could be simpler than the parking signs. Where you may park there is a sign bearing the letter P. Where you may not there is the same sign with a red bar through the P.

Speed limits are marked with the figures in black on a round sign banded in red. Drivers are given credit for recognizing this as the speed limit, not the temperature or something else, and no words divert the drivers' attention from the road. The end of a limited area is marked with a blank sign, except for a slanted line.

No passing areas are marked with the end-view picture of a car in the proper lane in black, and the picture of another car in the prohibited lane is red. They're both black at the other end of the prohibited area.

An upcoming campsite is heralded with an outline picture of a tent, a service station with a fuel pump, food with a crossed knife and fork, lodgings with a bed.

• • •

This simple system of road marking gives all the necessary warnings, traffic directions and other useful information in an instantaneous fashion. It is clear. It diverts less of the driver's attention from the business of handling the car. Its adoption in the United States could be a major step in traffic safety.

Anyone opposing it could point out that many European countries have higher traffic fatality rates than the United States. But that may not be a sound



No overtaking



Obligatory
bridle path



Rotary traffic
has priority

point. Parts of Europe are just coming out of the bicycle age, and some still are in it. Those emerging are filled with motorists who have recently learned to drive, or still are learning.

They're using automobiles to assert themselves. They're driving the way Americans did 25 years ago.

If you doubt the advantages of simple road signs, compare them with some of those posted along U. S. highways. One form in particular appears throughout the country, and it might cost you your life to read it, for it is mounted close along high-speed highways. This is the form:

YOUR HIGHWAY TAXES AT WORK

FEDERAL HIGHWAY

TRUST FUNDS

\$67,929.40

U. S. DEPARTMENT

OF COMMERCE

BUREAU OF

PUBLIC ROADS

INTERSTATE MARYLAND

495

STATE HIGHWAY

FUNDS

\$7,547.00

STATE ROADS

COMMISSION

OF MARYLAND

That sign is on a curve in a 60-mile-an-hour zone on the Washington Beltway.

Like Europe's picture signs, it says more than appears on it. It says that the public agencies that should be most responsible for safety on the highway put bureau credit ahead of safety.

Perhaps even ahead of sanity.

**We know the car...
not just how
to lease it.**

**That's the "extra"
we give you.**



We Ford Authorized Leasing System Members are leasing experts. So are many others. But we're car and truck experts, too. We give you the "extra" of car know-how.

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Why the draft won't hurt your labor supply

More older and better-trained men move back into economy to offset increased inductions

Draft calls have risen sharply and the total in the armed forces probably will climb by as much as a half million by the end of 1967, to around 3.6 million men.

But rather than spreading shock waves in business' labor pool, the economy's work force actually stands to gain. The paradox stems from two basic reasons:

Draftees now are younger, an average age of 20.2 years.

Each month the services discharge more men than are inducted.

Unlike World War II, when the tour of duty was for the duration, draftees now serve only two years. And many who had enlisted for specific periods of three or four years are deciding against the military as a permanent career.

These are men coming back more mature, better trained.

Once past basic training, the GI's potential civilian marketable skills usually are increased in various ways. He goes to advanced courses that school him in the kind of work for which he shows the most talent:

supply clerk, motor maintenance, driver, cook, baker, etc. The training utilizes films, teaching machines, small group instruction and other modern educational methods.

Pentagon studies show these men offer more to a potential employer and are worth more in wages.

"On the average, our surveys show a man who has served in the armed forces in any capacity is making 10 per cent more than someone who has not," says a Defense Department manpower official.

Another potential boon to industry is the new cold war GI bill of rights. The Veterans Administration has concrete evidence that higher education and sophisticated technical skills are the aim of the thousands being assisted now and the future hundreds of thousands expected to use the benefits.

Another stabilizing factor for employers is the Presidential reluctance to tap the organized reserve. During the Korean conflict, individuals were plucked helter-skelter from the standby reserve. But today the only

reservists likely to be called are in two classes: 56,000 not now drilling who have completed six months active duty training; 133,000 in units but who have not had this basic indoctrination.

This picture, of course, could be changed drastically if an all-out global war were to erupt. But in both private and public testimony before Congressional committees, Administration officials say they see no such conflict taking place.

A problem of plenty

Instead of a shortage of military manpower, we have a surplus. The baby boom of the late 1940's is the big reason why the number of potential soldiers is far greater than the military can—or will—ever use short of all-out war. This pool is growing yearly by the hundreds of thousands.

Thus, the method of selection has been the chief target of critics of the draft. But the military's insistence on tough mental and physical standards has been another



PHOTO: FRED HANSON

Pvt. John C. Cadden was a high school dropout, but finished his education in army courses and now plans to go to college when his two-year term as a draftee is up. He's a clerk-typist now at the Army Exhibits Unit, preparing production work orders.

Why the draft won't hurt your labor supply

continued

area for tart criticism—both in Congress and from the director of Selective Service System, Lt. Gen. Lewis B. Hershey.

"I think the obligation—and privilege—of serving should be on the largest possible basis," Hershey says.

There are more than two million youths classified 1-Y, rejected for failure to pass current mental and aptitude tests. Physically fit, they would be drafted immediately in any all-out war. So would many of the more than two million rejected for physical reasons. Here again, the number in each classification grows by the hundreds of thousands yearly.

Some of these are now being inducted, 40,000 1-Y's to be taken this fiscal year, up to 100,000 in both classifications in succeeding fiscal

years, under an experimental Pentagon plan.

When Defense Secretary Robert S. McNamara announced in August that this was to be done, the services were already quietly taking 9,000 a month.

"I do not believe," McNamara said, "that the qualification standards for military service should now be lowered. What I do believe is that through the application of advanced educational and medical techniques we can salvage tens of thousands of these men each year, first for productive military careers, later for a productive role in society."

McNamara's speech touched off a tiff with the Job Corps, the training program for needy youths run by the federal antipoverty offices.

Its officials complained these were just the men it was set up to help. Mr. McNamara promptly denied that the Job Corps would be deprived of candidates. And one tough ex-training officer exploded in four-letter indignation at any implication basic training would teach "reading, writing, arithmetic."

Soldiers from slow learners

The decision to tap the pool of 1-Y's was made last January, months before any announcement. Then special training companies were established at each of the 12 basic training centers, especially designed to help the "slow learner."

Here's the way the centers work:

At the end of four weeks basic training, each individual is graded on performance. If he needs help, he's assigned to the special training companies for two weeks. Hand-picked drill instructors work with him. If he's brought up to snuff in two weeks, he's sent back to his original training troop. But he can be kept in the special training com-

(continued on page 80)



PHOTO: DENNIS BRACE—BLACK STAR

Pfc. John L. Morris was trained to use big, heavy-duty earth-moving machinery at Army Engineers' school and now has plans to cash in on skill when he is discharged in a few months by working on part-time basis, going to college.

Pvt. Victor S. Roti learned how to repair TV equipment at the Army's Signal Training Base at Ft. Monmouth, N.J., when he finished his eight weeks of basic training in Louisiana. He is now a full-fledged repairman at a Texas post.

PHOTO: JOE COVELLO—BLACK STAR



WILL TIGHT MONEY GET

Here's why we could have a huge gap in the supply and demand for loans

The current money squeeze, especially in the home building industry, may last a lot longer than expected.

A new look at where people are putting their savings shows that if present trends continue the money squeeze could get worse for the next decade. Rather than being a temporary symptom of inflation, the problem may be a serious dislocation in the traditional flow of savings to financial institutions.

This may be particularly true of household savings. Some corporations are tending to become more self-sufficient for their financial requirements and even are becoming financial institutions in their own right, lending and borrowing money to and from each other.

But householders and smaller businesses obviously are not able to do this. They put most of their savings in financial institutions.

Banks and savings and loan associations are obvious choices of many savers. Time deposits or the equivalent in banks (including mutual savings banks) and savings and loan associations represented less than 14 per cent of the financial assets of households in 1945. They accounted for 19.1 per cent in 1962.

This past rise supported home mortgage writing. But the rise stopped in 1962-63, which curbed home building. Then the rise changed to a decline. The proportion of assets in life insurance reserves dropped, too.

The proportion of household assets held in commercial bank savings accounts continued to decline in 1965. Certificates of deposit and

other promotion efforts enabled commercial banks to check the decline in the proportion of all household assets then held—but it did not enable them to return to, or even come close to, their 1962 proportion of holdings.

Investment in other forms of debt (bonds, debentures and others) also was a major outlet for household savings immediately after World War II. These investments accounted for about 57 per cent of households' financial assets in 1946. But the figure was down to 35.3 per cent in 1965.

Money flows to Wall Street

What debt paper is losing, equities are gaining. Stocks accounted for 28 per cent of household financial assets in 1946 and 46 per cent in 1965.

This is an understandable evolution. With increasing income and increasing sophistication, since 1962 the stock market has become increasingly attractive as a long-term investment, despite the recent decline. This suggests that unless the trend is changed, about 47 per cent or more of household financial assets will be invested in stocks by 1971 and around 50 per cent 10 years hence.

From the standpoint of the individual, this may be a wise investment. He is investing in the growth of the country. But from the standpoint of the economy as a whole, it could be very serious. Where will the money come from to buy state and local (and even federal) bond issues? And very importantly right now, where will the money come from to finance home building?

If past trends do not change, holdings of debt obligations will drop from nearly 54 per cent of total assets in 1965 to about 50 per

cent in 1971, a decline of nearly 10 per cent.

Savings and loan hard hit

The heaviest declines will continue to occur in the proportion of savings held by savings and loan associations and life insurance companies, the two largest institutional holders of home mortgages. As the chart on facing page shows, an extension of past trends would yield a home mortgage deficit of about \$30 billion in the next five years, and of about \$75 billion in the next 10 years.

But, of course, past trends will be changed. They can be changed by the market itself. If inflation continues, or gets worse, pressure on interest rates will rise, which will reduce the demand for homes and for home mortgages, while increasing the demand for stocks. This might mean that investment in stocks would exceed that in debt paper by five years hence, and the deficit in private home mortgage holdings would exceed \$30 billion.

And, home mortgage interest rates can rise even without inflation.

This would reduce demand, and it also would increase the supply of funds. Life insurance companies, commercial banks, individuals and mutual savings banks would increase their investment in mortgages.

If the Home Loan Bank Board would permit it, savings and loan associations would increase the rate they pay their depositors, and attract more funds. Finally, pension funds would devise ways of increasing their holdings in home mortgages.

These moves might cut the deficit in half.

Also, the government could, and probably would, move in. It could relax restraints on savings and loan associations, as well as providing money through its own mortgage-buying agency, Fannie Mae (Federal National Mortgage Assn.), as it has just done.

Nevertheless a cumulative deficit of \$30 billion by 1971 suggests an annual deficit of at least \$7 billion for that year. This would finance about 900,000 units as against a

The author, ROBINSON NEWCOMB, is an economic consultant to corporations. He has specialized in the economics of construction and construction finance for 30 years.

TIGHTER?

free market demand of about 1.25 million in that year.

The sale of 350,000 units at an average price of \$22,000 (the average price in March, April and May, 1966) would yield \$7.7 billion. If related construction such as schools, commercial and utility, approximate \$3.5 billion, a shortage of mortgage funds of this size could reduce new construction by about \$11.2 billion. Remodeling and other activities financed by mortgage funds might be reduced by an additional \$8 billion or more.

The direct result of this shortage of funds could therefore be a reduction in construction related activity of roughly \$20 billion, and an increase in the price of housing, new and old.

It would not be offset employment-wise; directly engendered unemployment might grow by 1.75 million. Secondary effects could increase the impact still more. And the social implications—unemployment, crowding, high prices, high rents, unrest—would be even more serious.

Municipals in trouble, too

Another area of possible strain is worth a look. State and local debt rose by over 10 per cent per year in the last two decades. With increasing income and standards, demand for state and local services will continue to grow. If state and local obligations increase by nine per cent per year in the coming decade, they will approximate \$170 billion in 1971, and \$260 billion in 1976. (See chart below.)

Actually, this rate of growth has slackened as federal handouts have become more readily available, but still, it grew about eight per cent in 1965. A high unemployment economy might well produce an annual increase of eight per cent. So the total would be about \$160 billion in 1971 and \$235 billion in 1976.

Even if the growth rate fell to seven per cent, the total would exceed \$150 billion in 1971, and approximate \$200 billion in 1976.

Projecting past trends of marketability of municipal bonds would suggest a total acceptance of less than \$145 billion in 1971, and less

than \$190 billion in 1976. Again, something will give. The market for municipals will have to be expanded, higher interest rates accepted by state and local governments, taxes raised or the federal government will increase its subsidies.

Whichever way we turn, we find adjustments will have to be made to interest rates and to the flow of savings. The home mortgage market may be in for serious trouble, and municipals for moderate difficulties, unless needed adjustments are made. **END**

OUTLOOK FOR FUTURE LENDING

MAJOR OWNERS OF STATE AND LOCAL OBLIGATIONS

(In billions of dollars)

	1965	1971	1976
Commercial banks	38.1	61.1	88.0
Mutual savings banks	.3	.3	.2
Insurance companies	14.5	15.1	15.5
Individuals	40.5	59.4	78.0
Other corporations	7.6	7.2	7.3
Total	101.0	144.0	189.0
Free market demand	101.0	150.0-160.0	200.0-235.0
Deficit	00.0	6.0- 16.0	11.0- 46.0

ESTIMATED MORTGAGE LOANS OUTSTANDING*

(In billions of 1965 dollars)

	1965	1971	1976
Savings & loans	94	128	171
Life insurance companies	31	38	44
Mutual savings banks	30	44	58
Commercial banks	30	45	51
Pension funds	3	5	7
Individuals, etc.*	11	15	20
Private supply	199	275	360
Demand	205	305	435
Deficit**	6	30	75

*Excluding home mortgages held by non-financial corporations.

**The deficit was met with \$6 billion of federal funds in 1965.

CORPORATE NAME AND ADDRESS

DIRECTORS

DOSSIER CODE NO.

OFFICERS

PUSH-BUTTON SNOOPING:

MAJOR PRODUCTS

MARKET SHARE

MAJOR PLANTS -OUTLETS

PER CENT VOLUME

PROFITABILITY

PRICE POLICY

PROD. COSTS

PRICES

MAJOR SUPPLIERS

MAJOR CUSTOMERS

GOVERNMENT CONTRACTS

REGULATORY ACTION INVEST. LITIGATION DISPOSITION CONSENT ORDERS OUTSTANDING

IRS	20-10-1000	10-10-1000	10-10-1000	10-10-1000
FTC	20-10-1000	10-10-1000	10-10-1000	10-10-1000
JUSTICE	20-10-1000	10-10-1000	10-10-1000	10-10-1000

LABOR POLICY

ORGN. HISTORY

STRIKES

CONTRACTS IN FORCE

WAGE SETTLEMENTS

GUIDELINE ADHERENCE

UNION REPRESENTATION

CREDIT SOURCES

TRADE ASSOCIATIONS

ADVERTISING COSTS

POLITICAL ADVERTISING COSTS

THE THREAT TO BUSINESS

The federal Budget Bureau wants to set up a computerized data bank to centralize the welter of information about you and your business that's available to the government.

Business, of course, has long been vitally concerned with the confidentiality of information it submits—often voluntarily—to government for statistical and other purposes. The danger is that it could be turned against a company, revealed to a competitor or used out of context to embarrass or bully a business.

Not that business necessarily has something to hide. But many a corporation striving to abide by conflicting federal regulations would be wary, for example, of the Federal Trade Commission's using census figures to pinpoint business relationships in a test case to develop new antitrust doctrine.

Raymond T. Bowman, assistant Budget Bureau director for statistical standards, testifying before Congress recently in favor of the data bank proposal, argued strongly that snooping was not its purpose.

He and other proponents contend that a super data bank would benefit economists and business planners by making available a more comprehensive, accurate and up-to-date picture of the national economy.

They view it as the salvation of the businessman who today must slog through the paper work jungle of multiple filing of government surveys and reports.

They have been unable so far, however, to prove to skeptical Congressional and data processing experts that present computer tech-

nology and governmental safeguards offer ironclad protection against unauthorized disclosure of sensitive business and personal information among agencies and to outside parties.

Business confidence in agency confidentiality has been grounded on years of close relationships with specific bureaus. The Census Bureau, for example, once refused to make certain information available to Harry Truman on the grounds he was not a sworn Census employee.

The proposed central pool of data could also include compilation of exhaustive dossiers on individuals, including businessmen.

It would be derived from the trail of records one leaves through life from cradle to grave. These records could include data ranging from actual wrongdoing early in life to intensely personal matters which, while not derogatory, are nobody's business.

A lack of accuracy or completeness is a potential problem. Police records often show a charge but not its disposition, and include no mitigating circumstances. Federal agencies gather a great mass of unevaluated information in the course of an investigation. It can include hearsay and rumors.

Private credit rating bureaus often receive questionable material on individuals. These may reflect a civil action against an individual without the disposition which may have been an amicable settlement or even a finding against the complainant.

One Senate staff expert empha-

sizes that these credit agencies, for all the mass of material they assemble, take their responsibilities seriously and offer little grounds for complaint. But there's one hitch: Many agencies service requests for information from government agencies.

The danger is that fragmentary and possibly misleading public and private material, if enshrined in a computer memory, could not be separated from factual, true and authentic data.

The impact on business of a federal data center was a sidelight of recent hearings on government snooping, held by Chairman Cornelius Gallagher of the House Government Operations Committee's special subcommittee on invasion of privacy.

Life in a fish bowl

Testimony, and the intense public reaction it triggered, focused mainly on the data bank as a potential threat to individual privacy, reflecting rising national concern over our fish-bowl society.

But academic experts, lawyers, computer manufacturers, other businessmen and Congressmen like chairman Gallagher, see a distinct threat to business as well.

In fact, the New Jersey Democrat is convinced that business could well become the first victim of abuse if the unquestioned efficiency of computer technology is harnessed by government without elaborate safeguards.

As one member of the investigating subcommittee, Rep. Benjamin
(continued on page 52)

What to do when the union knocks

First of a three-part series describes what you can do to head off troubles when organizers bore from within

Businesses all over America are threatened as never before by labor unions elbowing each other aside in a race for expanded membership.

And today union organizers are full-time professionals. They attend schools and seminars where they become attuned to the intricacies of labor law and adept in organization techniques. Immense computerized research bureaus at the unions' international headquarters supply organizers with bundles of propaganda.

The muscle-flexing, sledge-hammer approaches of the past are being replaced by carefully planned, methodically executed and heavily financed campaigns.

The unions' strategy is to snare the businessman—particularly in small, nonunionized firms—in a labyrinth of labor law in which every turn he

takes leads him smack into forced recognition of a union. At a grave disadvantage is the small businessman who is unaware of the many legal pitfalls and gray zones awaiting him.

If you are in charge of a nonunionized company, or a business where some of your employees are not union, there is much you can do to meet this challenge. NATION'S BUSINESS tells you how in a series of three articles by Associate Editor Walter Wingo, who specializes in labor-management affairs and who talked with dozens of labor-management experts and studied the laws in preparing this series.

This first article details steps you can take now. The next two articles in upcoming issues will describe what to do after the union formally knocks at your office door.



DRAWINGS: PAUL SALMON

Organizers find the gang-up technique effective in getting employees to sign authorization cards. Workers often sign to avoid being snubbed or just to get the pesky union organizers off their backs.

The president of a small Midwestern iron works approached his plant gate one recent morning to be greeted by men carrying placards with big black letters on them.

As he drove closer he saw that the men included some of his oldest and most trusted employees. But the words they carried shouted out for a union at the iron works.

Noticeably shaken, the president hurried to his office, brushed past his secretary and slammed the door with a bang that could be heard clear to the other side of the building.

The president was personally hurt. His was a family-owned firm which was always run, he thought, with a family feeling between management and employees.

He believed everyone had appreciated his "loose shop" policies. He'd always been lax on matters of employee tardiness, absenteeism, extended rest periods and time off for personal problems. And how many times had he lent money to employees with no mention of interest?

"So, why this sudden defection? What's that picket line going to do to my business? Aren't they breaking some kind of law? What should I do now?" The questions raced through his mind.

Like most businessmen, the company president was ready to respond hard and fast to a serious threat to his business. But no matter what he did in the days that followed, the union always seemed to be a few jumps ahead of him. The result: He now is in the throes of trying to negotiate a contract with a giant union. He feels as though the company isn't even his any more.

This has happened repeatedly. Typically, the small businessman doesn't act quickly enough to avoid take-over by unions.

The businessman who doesn't act until he gets word that a union is really serious about his firm has waited far too long, says Al Hartnett, former high-ranking union official who is now a management consultant in Silver Spring, Md.

Once a union has revealed what it's up to, Mr. Hartnett explains, it has already thoroughly researched its target firm and laid out careful plans for grabbing control of its employees.

If yours is a small, unorganized firm and you don't want to "go union," you should be in action now. Here is a basic checklist of things industrial relations experts say you should do:

- Make sure that no item in your wage-benefit package lags far behind the norm for your area.
- Frequently review jobs to see if they need to be upgraded because new responsibilities have been added to them.
- Make sure your employee facilities are safe, reasonably clean, lighted, ventilated and adequate. Unions have pulled strikes over such a seemingly trivial matter as a burned out light bulb.
- Keep records of good performances by employees.
- Be firm, but fair in discipline.
- Be on the alert for any complaints of favoritism.
- Push through your plans for improving benefits as soon as possible. (continued on next page)



WHAT TO DO WHEN THE UNION KNOCKS *continued*

- Have programs for boosting employee loyalty to your firm.
- Establish regular communication lines with your employees, both at work and at their homes.
- Provide employees with a practical release valve for any complaints.
- Take special care in screening job applicants.
- Have clear and well-distributed work rules. But make sure that the wording is not in violation of rulings by the National Labor Relations Board (NLRB) or state agencies.
- Above all, pay attention to your supervisors. Treat them right, keep them informed and do all

you can to better their relationships with their subordinates.

Beware of NLRB

A favorite current union tactic is to trick the employer into committing an action which the union-coddling NLRB will tag as an unfair labor practice, familiarly referred to on the Board simply as a "ULP." The NLRB's remedy for a ULP often is to order the businessman to recognize the union as the legal bargaining agent of his employees—no matter what the employees may want.

At the same time, union organizers are stepping up efforts to win the employees' sympathies. Increased participation by organizers in community

The first line of defense against unionization is good relations between supervisors and employees

activities is designed both to better their public image and to make connections with employees from target plants. The organizers' latest sales pitch is that should there be an economic downturn only unions can assure retention of present high wages and liberal benefits.

The success of these tactics is increasingly evident. Unions this year are winning 65 per cent of the recognition elections conducted by the NLRB. That's six percentage points higher than last year.

The average size of the units formed in these elections is 50 employees.

In the past three years, nearly a million more members have been added to the official rolls of AFL-CIO affiliates.

The actual net increase is much higher since locals usually understate their membership to avoid higher assessments by international unions.

But why, you might ask, would your employees fall for a union? The unions' own handbooks tell organizers there are four main desires of employees to which they should appeal:

1. Job protection. Unions like to claim that they can assure an employee of lifetime income. Some surveys show that wages and benefits are so generous now that growing numbers of employees are more interested in job security than in higher pay rates.
2. Interference running. The union tells the employee it will act as his agent, go to bat for him and insulate him from face to face encounters with his employer in grievances and disputes.
3. Participation in management. The union boasts that it will give employees a greater voice in making the rules that govern the work they do.
4. Economic gains. Wages and benefits, however, still are at the top of an organizer's check list. If yours trail far behind those in similar firms in your area or industry, the union has a ready-made argument.

The organizer is sure to compare what you give with what is agreed to in contracts his union has with other firms, perhaps in an entirely different industry. He won't talk about your whole wage-

benefit package; instead, he'll pick away only at those parts that will make you look bad.

What stymies organizers

The AFL-CIO, in its handbook for organizers, also lists six factors it hates most to find in a plant, because they lower chances of unionizing employees. They are:

1. A conviction by employees that the boss is not taking advantage of them.
2. Employees who have pride in their work.
3. Good performance records kept by the company. Employees feel more secure on their jobs when they know their efforts are recognized and appreciated.
4. No claims of highhanded treatment. Employees respect firm but fair discipline.
5. No claim of favoritism that's not earned through work performance.
6. Supervisors who have good relationships with subordinates. The AFL-CIO maintains that this relationship of supervisors with people under them above all stifles organizing attempts.

In order to make inroads in a company, an organizer must form closer ties with employees than the supervisors have. To most employees the supervisor is the company.

"Supervisors are the most important persons in the plant, bar none," says Al Hartnett, who once directed organization for the Electrical Workers Union (IUE). "Since supervisors are your first line of defense against unionization, care and time should be taken in selecting and training them."

"The man who exhibits leadership abilities is a better bet as a future supervisor than the man whose skills are limited to his production abilities."

Supervisors should not only be paid more than their subordinates, industrial relations experts insist, but they should in general get backing from the top for the orders they give and the decisions they make.

Unhappy supervisors can do tremendous damage to a firm's employee relations. They, more than anyone else, give (continued on page 108)

CREATING WITH ENTHUSIASM

A conversation with Sam Goldwyn, fiercely independent movie producer, whose artistry has captivated audiences all over the world

Sam Goldwyn decided not to go into the tamale business, and the world has laughed and cried more because of it.

The career of motion picture pioneer Samuel Goldwyn is as old as Hollywood and in many ways richer and more colorful. A resolutely independent producer, he made the pictures that he wanted to make and financed them out of his own pocket.

His talent for picking the stories and stars that thrilled the public is obvious by their box office receipts.

His movies have been symbols of artistic integrity, as countless awards have confirmed.

Many years ago, a close friend and partner tried to tout him into the tamale business. And it may have seemed a better proposition one disastrous evening in 1913 when Mr. Goldwyn's first film was previewed.

But since then a whole industry—probably America's most glamorous, most risky, most indigenous—has grown to maturity.

So has Sam Goldwyn.

He started with nothing. Now he has some-

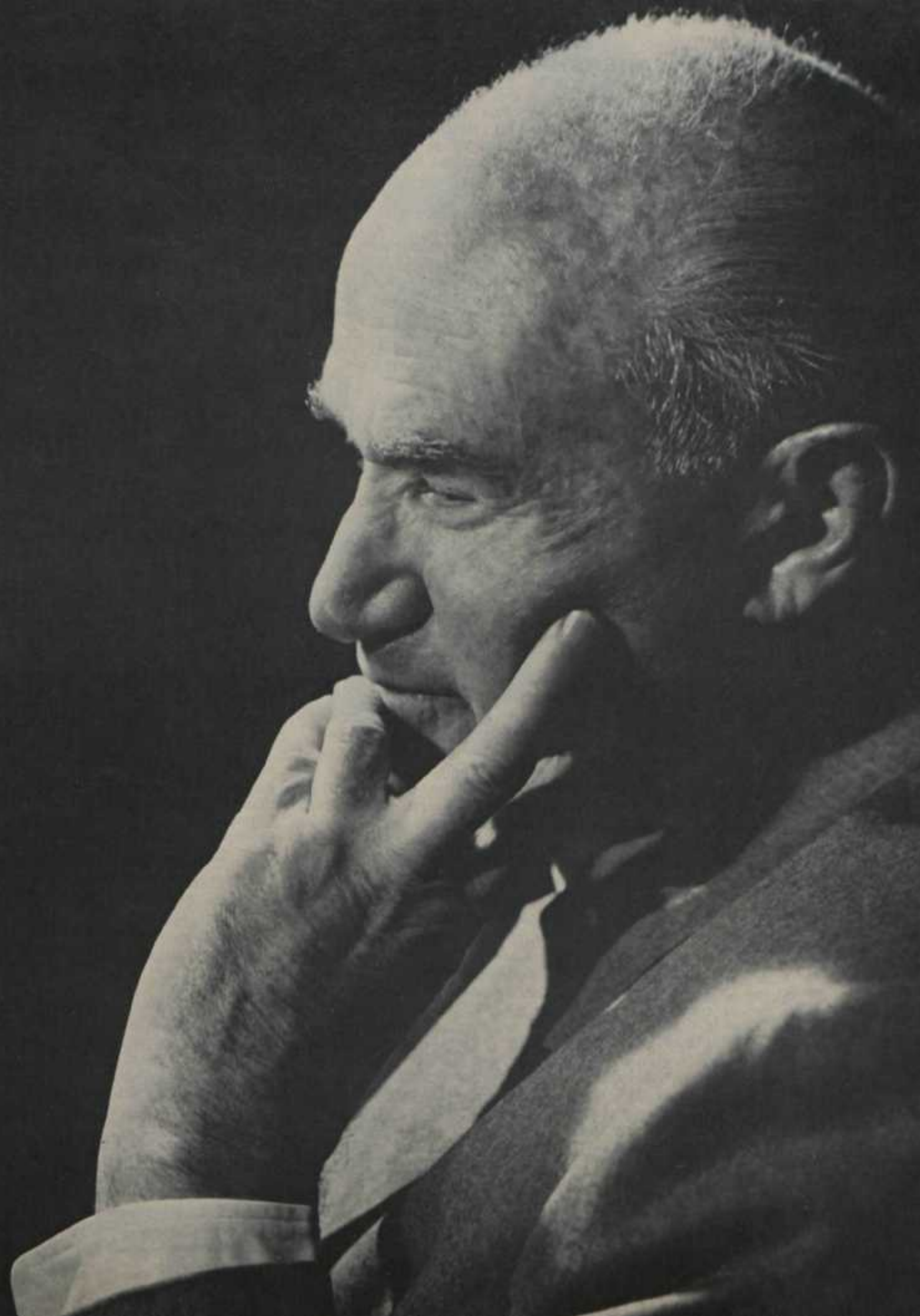
thing—something more than the financial wealth which his courage, artistry and determination brought him. He has the respect of his industry as well as the whole business community.

Some years ago he was named by *Forbes Magazine* as one of America's Fifty Foremost Business Leaders along with Nelson Rockefeller, Henry Kaiser, Henry Luce, Henry Ford II and others.

Though he's now 84, Mr. Goldwyn is erect and quick in conversation and recollection. Dressed casually in a pale blue knit shirt and sport clothes, Mr. Goldwyn relaxed in his Hollywood office recently with a *NATION'S BUSINESS* editor and recalled the important moments and decisions of his fabulous career.

"This is a business of love, enthusiasm and excitement; and this is what a man has to have in my business to be a success," he said, adding, "and for that matter I think that applies to every business."

This month, the American Broadcasting Co. will present a special evening prime-time showing of the great Goldwyn film, "Hans Christian



Andersen." It will be the first of three Goldwyn films to be shown this winter for the first time on television. Each cost the network \$1 million. The other memorable pictures are "Guys and Dolls" and "Porgy and Bess."

Here is Mr. Goldwyn's interview with NATION'S BUSINESS:

Mr. Goldwyn, you came to America alone, while still a young boy. What led you to do this?

The same reason that led so many others to come to America. It was, and is, a land of opportunity and I wanted to be a part of it. There were many obstacles, especially for a young boy but, if you will forgive me, I much prefer talking about the exciting present and the fascinating future rather than such a distant past.

Suffice it to say, mine was a very humble beginning. I certainly was not born with a silver spoon in my mouth—and maybe that was good.

It is possible, you know, for young people to have too much given to them. It takes away their incentive and competitive spirit.

But this was not one of my problems.

All right, let's start with your arrival. You got into the glove industry, didn't you, once you got settled in this country?

Yes. A wonderful organization, like today's American Council for Nationalities Service, helped me find a job. They sent me to Gloversville, in upstate New York, and I swept the floors in a glove factory. Then I learned to cut gloves and do other jobs.

I'll tell you one little story about my experience in the glove industry—but may we then talk about the future, please?

After a number of years in the glove factory, during which time most of my evenings had been spent in school trying to get an education, I went to the head of the company and told him, "I'm confident I can sell gloves. I'm sure I can make good." My argument wasn't quite that simply stated, but I must have been more convincing than I realized because he gave me a list of small towns and said, "Go show me you are a salesman."

When I think about it now it reminds me of the producer who was interviewing a comedian and said to him, "Make me laugh."

My first store was in Pittsfield, Mass. I didn't know anything other than to go directly to the glove department buyer. The secretary was not the friendliest person I ever met and did just about everything she could to keep me from seeing the buyer.

She told me that they had handled gloves of other companies for 20 years and were satisfied with what they were getting, so why change. She added that the buyer was a very busy man.

To make a long story short, I waited three days and I am sure that buyer saw me only to get rid of me and my sample case.

I showed him some inexpensive gloves that sold for \$8 a dozen. When he expressed doubt that the gloves we would send him would equal the quality of my sample, I told him that if he was not satisfied he could return whatever failed to measure up to the sample.

That got his interest and I wound up by selling him six dozen pairs of ladies gloves at \$24 a dozen.

That taught me a lesson. To succeed at anything you not only have to believe in what you are doing but you have to be persistent and enthusiastic.

You worked your way up until you were an executive in the glove industry, weren't you?

No, I was never an executive. I was a salesman, but I worked my way up to where, in addition to a small stock interest the company gave me, I was earning \$300 a week—which I suppose was the equivalent of a thousand or more today.

Mr. Goldwyn, when you were doing so well in the glove industry what in the world got you interested in movies?

Now you're getting into the area I love. This may be a little hard to believe, but I was hooked, as they say, after my first venture into a nickelodeon.

I remember it was a hot, muggy August afternoon and when I walked into the darkened theatre I was almost overcome by the heavy odor of perspiring people and peanuts. But it wasn't long—the films ran only five or 10 minutes—before Bronco Billy chasing a train on a horse brought me into a whole new, exciting world.

It started me thinking that here was something novel that the public seemed to go for and could be developed a lot further than it had

been so far. I was on fire about the possibilities as I walked home. By the time I reached the apartment house where I lived, I had made up my mind that I was going to give up the glove business and, somehow or other, go into this new field which enthused and excited me so much.

What made you feel that you could get into something you knew absolutely nothing about?

I could learn.

I had dinner that night with Jesse Lasky, who produced vaudeville acts and I said to him, "I am going to quit my job and go into something new that I am really excited about. I have just seen moving pictures and I think there is a great future there."

Jesse was not at all impressed. He said, "Why do you want to give up what you have, for something like that. If you are looking for a new business, I know something that could be great—tamales. They are wonderful things to eat. They make them in San Francisco but no one has heard about them in the East."

I told him tamales did not interest me—but the future I saw in motion pictures did. Jesse was not convinced that there was any future in what I wanted to do. He pointed out these little films were used to chase people out of the theater after a vaudeville show, not to pull them in.

I had no idea when I talked to him that already there was a company, Famous Players, that had produced a full-length picture, "The Count of Monte Cristo," and D. W. Griffith was working on what became "The Birth of a Nation."

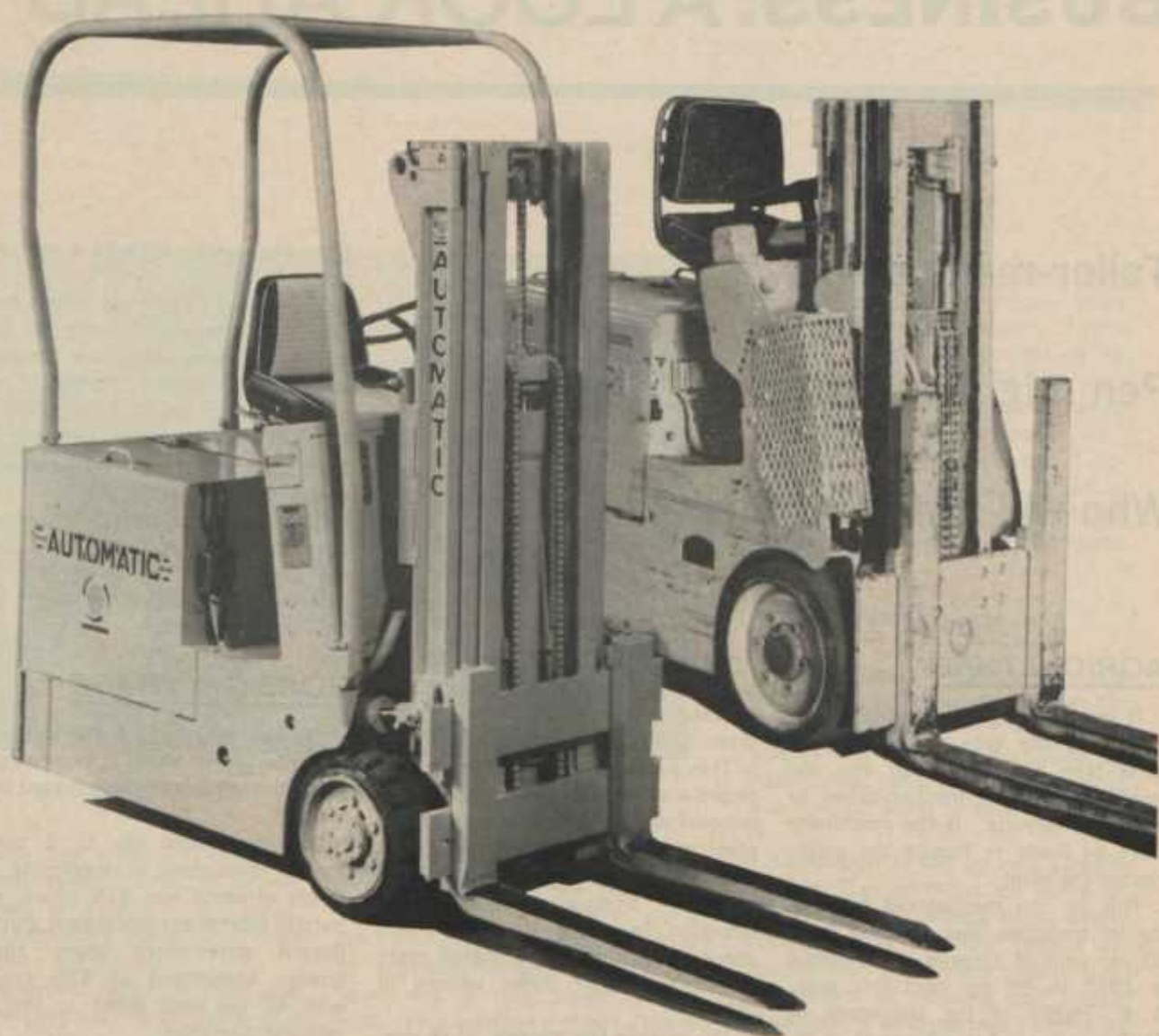
But Mr. Lasky did finally join up with you. How did that come about?

I kept after him for days and then I got the idea of calling ourselves "The Jesse L. Lasky Feature Play Co." That really appealed to him. I had saved up \$7,500—it was all I had—and I convinced Jesse to put up an equal amount. Then I suggested it might be a good idea to get Cecil de Mille, a young actor who occasionally wrote sketches for the stage, to come in with us.

What was Mr. Lasky's reaction to that?

He said, "As far as I am concerned these things are still just chasers to get people out of the vaudeville houses between shows."

(continued on page 84)



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BUSINESS: A LOOK AHEAD

Tailor-made plants

(Agriculture)

Pen mightier than word

(Marketing)

Who will run city transit?

(Transportation)

AGRICULTURE

If you can't fight 'em, switch 'em.

This is the tack agriculture experts take when they run into obstacles in applying mechanization to vegetable farming. If the machinery can't be made to handle the plant, change the plant.

This is how mechanized harvesting of tomatoes was boosted from 20 per cent of acreage in California in 1965 to 80 per cent this year. G. C. Hanna of the University of California headed development of tomatoes that could stand rough treatment of mechanical picker, not burst when buried in the bottom of a bin.

Dr. R. E. Webb of Agriculture Research Service calls plant development "the major development of the century in mechanization of vegetable harvesting and handling."

Beans are being made to grow more erect for the convenience of the machine. Shorter pea plants are being developed. Work is under way on beets, carrots and cucumbers.

Problem with cucumbers: machines tear up vines. Approach: create new variety so plants bear simultaneously, permitting one-pass harvesting. Also shorter, tougher vines. Added bonus of genetic work involved: Seedless cucumbers.

CONSTRUCTION

New industrial and commercial con-

struction in 1967 will be about the same as this year's, according to information circulating privately in Washington.

This forecast—with no figures disclosed—is made on assumption that removal of the investment credit for plant and equipment will not curtail projects planned until next year.

Though physical volume of construction in place next year will about match this year's, higher costs will mean higher dollar volume in '67.

The picture can change, of course. Commerce Department had forecast a six per cent increase in all types of construction for 1966 over the previous year. But the credit pinch so reduced residential construction as to cut the over-all gain to somewhere between three and five per cent.

CREDIT & FINANCE

Home foreclosure rates are expected to remain high for the next 18 months to two years.

Federal Home Loan Bank Board has recorded a sharp increase in foreclosures this year, at one point eight per cent higher than the year-earlier figure and the highest since statistics on insured savings associations began.

Observers say situation has nothing to do with current economic condition but reflects easy lending prac-

tices and overbuilding of a year ago and earlier.

Regulatory agencies have been nudging savings and loans, as well as other lending institutions, to tighten credit standards. The effects may start showing up in a year or so. But the big shakeout enforced by tight money may well take a couple of years to run its course.

Then, of course, foreclosures should drop sharply, reflecting current lending practices. "The lender has his pick of credit risks," comments one Washington expert.

FOREIGN TRADE

Market potential of the so-called underdeveloped world is beginning to grow, though more in investment than trade.

Just two years ago, U. S. direct foreign investment in developing two thirds of world was \$15 billion, one third of total direct investment abroad. Recent government study shows foreign investment at \$50 billion, with 40 per cent going to the developing countries.

Political problems remain sticky, however, according to observers recently at the 55-nation Trade and Development Board of the UN Conference on Trade and Development session in Geneva.

Underdeveloped countries are pressing for a raft of trade concessions and commodity stabilization arrangements. They tend to blame the U. S. publicly for holding out, while agreeing that they have closer ties with us than Europe.

MANUFACTURING

Pollution abatement by industry faces financial pinch.

To be sure, legislation suspending investment credit exempts antipollution equipment and facilities. But two problems remain.

One, experts in industrial pollution realize it's cheaper, and some-



Scientists today grow the plant to fit the machine.

times only way, to build a new plant with a redesigned process to recirculate water, or chemicals and recapture contaminants rather than treat what comes out of pipe.

For example, better to build new paper mill than to try to clean what a dirty, obsolete plant puts out. Investment credit provision for specific antipollution equipment doesn't meet this problem.

Second, any increase in corporate taxes after this month's election would further curb industry's capacity to expand and modernize. So, ability to reduce pollution would be a casualty.

MARKETING

Is the pen getting mightier than the spoken word?

Ad agency men are saying that increasingly "show me" advertisers are getting more skeptical of TV exposure ratings. They want to know better where their message is going.

TV rating services fail to give enough specifics. What's more, volume of exposure makes viewer surveys complicated and costly because of numbers involved to make a study

statistically valid. Firm called Arbitron is developing new techniques.

Admen themselves try to go beyond ratings, try to picture audience by analyzing program content and figure who is most likely to watch what. They admit it's rough. There's more pressure to take another look at printed medium with subscription lists available for analysis and basis of readership surveys.

NATURAL RESOURCES

Industry will soon learn whether it's practical to combat one of biggest air pollution problems in big cities: Combination of sulfur dioxide and haze-producing particles from heavy heating oil.

American Petroleum Institute asked consulting engineers firm to recommend how to keep contamination low, what steps to take when pollution threatens—like temporary shift to other fuels or ban on incineration.

Also being investigated is cost of monitoring and control system, time needed for installation and operation of system. Report due by first of year.

Other projects cover air monitoring

methods and weather forecasting, industry spending to remove sulfur from fuels, cost of removing it from heavy oil, comparative cost of removing it from stack gases after combustion and health effects of exposure to various contaminants.

Sulfur problem is just one of pollution problems studied. Series of other studies attack problem of lead content and volatility of petroleum products.

TRANSPORTATION

All American business, not just transportation industry, has a big stake in year of coming transport debate within the Administration in Washington. Riding on outcome is who will call shots in your community.

Legislation to set up new Department of Transportation left many issues in the air. Among them, which department is to wield biggest influence over urban mass transit: U.S. Department of Housing and Urban Development or Department of Transportation? Both departments will study the problem for a year under the new law.

There is a case for each. Urban transportation is linked with community development. A city can rise or fall depending on its ability to get people in, out and around within its boundaries. Score one for HUD.

But urban transportation is just another form of transportation, all of which has an impact on urban centers and must be approached with the goal of a balanced system. Score one for DT.

The new Department will be handicapped in getting under way by the shakedown operation of an agency newly assuming various operational functions.

Industry observers in Washington expect pulling and hauling in the year before recommendations are made as to who does what. This will give business a chance to have a say.

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PUSH-BUTTON SNOOPING

continued from page 41

Rosenthal remarked: "I have a sneaking suspicion your commitment lies in . . . getting real sophisticated, automated technology into the federal government so that you can keep abreast of what the large corporations are doing."

As proposed by the Budget Bureau, the data bank looks harmless enough. It would assemble, preserve and keep available for analysis on a cumulative or "aggregate" basis the carloads of statistics gathered by government agencies.

Categories include population, housing and real estate, labor force and wages, education, health, consumer behavior, agriculture, business and industry, government finance and taxation, foreign trade.

Data fill 9,000 reels

In all, some 20 federal agencies such as the Census Bureau and Internal Revenue Service collect and publish information. An estimated 9,000 reels of electronic tape—including confidential information—are already available for the nucleus of a data bank.

But here's the real problem: Mr. Bowman and others argue that, regardless of its anonymous output, the data center must contain the same raw data, identifying specific organizations and individuals, as the original agency sources that collected it.

Proponents call this essential to permit analysis of the same information from many points of view, elimination of duplication, cross-checking for accuracy, consistency and continuity.

Hence the threat of an "intelligence-type" system, capable of compiling personal dossiers on individuals from the statistics. As Paul Baran, a computer expert with the Rand Corp., Santa Monica, Calif., put it:

"The line dividing the two is an extremely fuzzy one. I think if one wanted to extract intelligence information from a statistical system he could."

Critics believe, too, that information compiled on a business or whole industry by one agency for one purpose could be exploited by another for a different purpose.

In an interview with NATION'S BUSINESS, Rep. Gallagher viewed the businessman as a prime potential victim of misused information, gathered for statistical analy-

sis or for a personal dossier, but wielded as a weapon to coerce him on such matters as labor policy or pricing.

Citing the 1962 mobilization of several government agencies to roll back the steel price increase, he recalled:

"A lot of guys in those agencies were mad, and they were reaching out for all sorts of blunt instruments."

In future cases, he added, the ability to assemble possibly damaging information on a corporation or its officers might prove an irresistible temptation to an Administration on the warpath.

A company entirely innocent of wrongdoing could be subjected to trial by publicity—a leak of selected information—or instant prosecution which is costly to counter even by a company in the right. (See "Growing Issue: High Cost of Justice," May, 1963.)

Likelihood of such instances does not appear to have diminished in the current era of personal Administration intervention in economic policies from pricing to labor disputes. Rep. Gallagher views it as a further imbalance of power in government-industry relations. He explains:

"More and more the power of government, with no legal restraints on the exercise of that power, enlarges the possibility of government being in a position to coerce, accelerate or slow down decisions that must primarily be the decisions of the business community.

"It's more and more a factor that business decision makers could be placed in a position of personal embarrassment or harassment."


Theodore Sorensen, in his book, "Kennedy," related that a personal dossier including derogatory information was ordered—though never used—on a newspaper publisher whose attacks on the then presidential candidate were deemed intemperate and irresponsible.)

Significantly, in view of his concern for government snooping, Rep. Gallagher regards the Federal Bureau of Investigation as most responsible in its investigations. The same can't be said of other agencies, he maintains.

Says Mr. Gallagher: "Some of these agencies hand out subpoenas like Kleenex."

Will the ability of government to gain ready access to material already on file reduce demands on business for more reports and forms?

"No," replies Rep. Gallagher. If the laws of bureaucratic behavior



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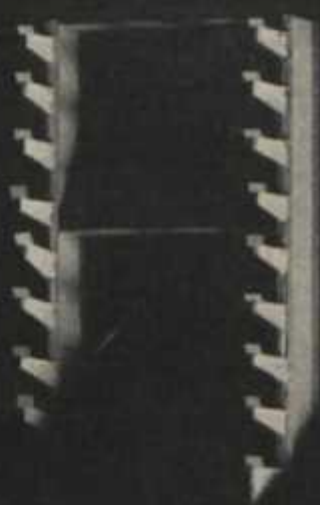
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PUSH BUTTON SNOOPING *continued*

apply, increased ability to digest material will whet the appetite for more.

Budget Bureau's Mr. Bowman himself concedes that the "data center would not take the place of each of the collecting agencies that now exist, maintaining all of the information with regard to current information."

Why business should worry

Data bank worries are shared by many in private business.

"I'm terribly glad to see Congressman Gallagher flush the issue to the surface," one major New York executive—not a computer manufacturer—confided to NATION'S BUSINESS.

This executive, thoroughly experienced in data handling, is confident that computer manufacturers are vitally concerned with the problems of privacy generated by their machines and are striving to perfect "memory protection" systems.

But this official, who asked that his name and corporate affiliation not be used, opposes transfer of his own organization's sensitive personnel and budget information to computers, not to mention centralization of business data in government.

Leakage or misuses of corporate information by government is considered a potential danger, too, by Alan F. Westin, professor of public law and government at Columbia University.

He warns that the danger of compromise of information given the Securities and Exchange Commission, Atomic Energy Commission or Department of Defense—such as trade secrets—"could have a very harmful effect on the willingness of companies to give information to the government which the companies regard as in the public interest."

Prof. Westin is aware that computer manufacturers are striving to build safeguards into their hardware and programing systems. "IBM has done some of the most thoughtful and first-rate thinking," he said. (The corporation declines to comment publicly on the issue.)

IBM has provided \$5 million to the Harvard Business School for research into the impact of advancing technology on society, including the computer-privacy issue.

The Russell Sage Foundation in New York, which has surveyed

problems raised by the data bank proposal, has pinpointed business privacy as crucial among them.

"There is such a thing as a right to organizational privacy . . . that parallels the right to individual privacy," as Orville G. Brim, Jr., foundation president, puts it.

Reflecting lawyers' concern, Chicago attorney David Parson, chairman of the Federal Bar Assn.'s government information committee, notes: "There is nobody and no business that isn't exposed."

Comments of one skeptic are especially pertinent in view of the economic benefits proclaimed for the proposed system.

Joseph J. Spengler, economics professor at Duke University and a past president of the American Economic Assn., sees "great danger" in a data system, without safeguards.

"I'm all in favor of having as much information as possible put at the disposal of economic researchers, but we must constantly keep in mind the integrity and privacy of the individual and the integrity and privacy of the organization. It's a matter of balancing one value against another."

Blew whistle on Budget Bureau

There is evidence that the Budget Bureau was preparing to go ahead on the project on a limited basis with 9,000 reels of tape from 20 agencies as a "nucleus archive" without Congressional investigation before Rep. Gallagher blew the whistle.

Edgar S. Dunn, Jr., a consultant to the Bureau's office of statistical standards, recommended a start "under existing authority" and a request for funds for fiscal 1967, despite opposition in other agencies.

Some pointed out that turning data over to a federal center would be breach of contract with respondents who have been assured that none but agency personnel would view their reports.

"People are already scared," Rep. Gallagher says, indicating that the power of government to intimidate its citizens—even without a data bank—has generated fear.

For example, Sen. Edward Long of Missouri, in his Senate Judiciary Committee investigation of government snooping, exposed a lock-picking school run by the Internal Revenue Service for its investigators; federal use of wiretaps; hidden recording devices and other electronic bugs; release of tax return data to various agencies; surveillance of mail whereby name and

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PUSH-BUTTON SNOOPING *continued*

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Among the fearful are some businessmen. [See "People Speak Softly When Government Carries Big Stick," January, 1966.]

Wrote one, a Maryland manufacturer: "... this is just another way to spend additional federal funds to control the individual."

Said the head of an Arizona insurance agency: "For Heaven's sake—no. We have enough statistics now to blanket the world."

Bonanza for bureaucrats

A former government lawyer: "I recognize that there are occasions and situations when frank revelations of personal information may be required, e.g. credit, employment and insurance applications, etc. But surely the cataloguing of personal data in a central computer bank invades individual liberty and merely aggrandizes the bureaucratic whim of some enterprising administrator who may view himself as a planner of imagination and vision.

"Being a long-time lawyer in government, I know how such 'raw' data and miscellaneous trivia can easily become a potent weapon in the hands of unscrupulous bureaucrats whose principal motives are sensational rather than objective."

A New Jersey consulting engineer fears that "at some point, someone, somewhere in government will finally obtain authorization to look at some individual data for the purpose of national security.

"From that point on, I am sure that other excuses will be found to look at the data on other individuals."

The Budget Bureau has pledged now not to go ahead with its data bank until safeguards are assured and Congress gives explicit approval. Safeguards supposedly would be both technical and governmental.

The Budget Bureau contends that computer design and programming techniques can be devised to protect centralized data from interception or unauthorized use.

But even cryptographic protection of any data bank, if it is not limited to information totally divorced from corporate or individual identifications, would be subject to unscrambling by technicians.

And Orwell's 1984 could be somewhere around the corner. **END**



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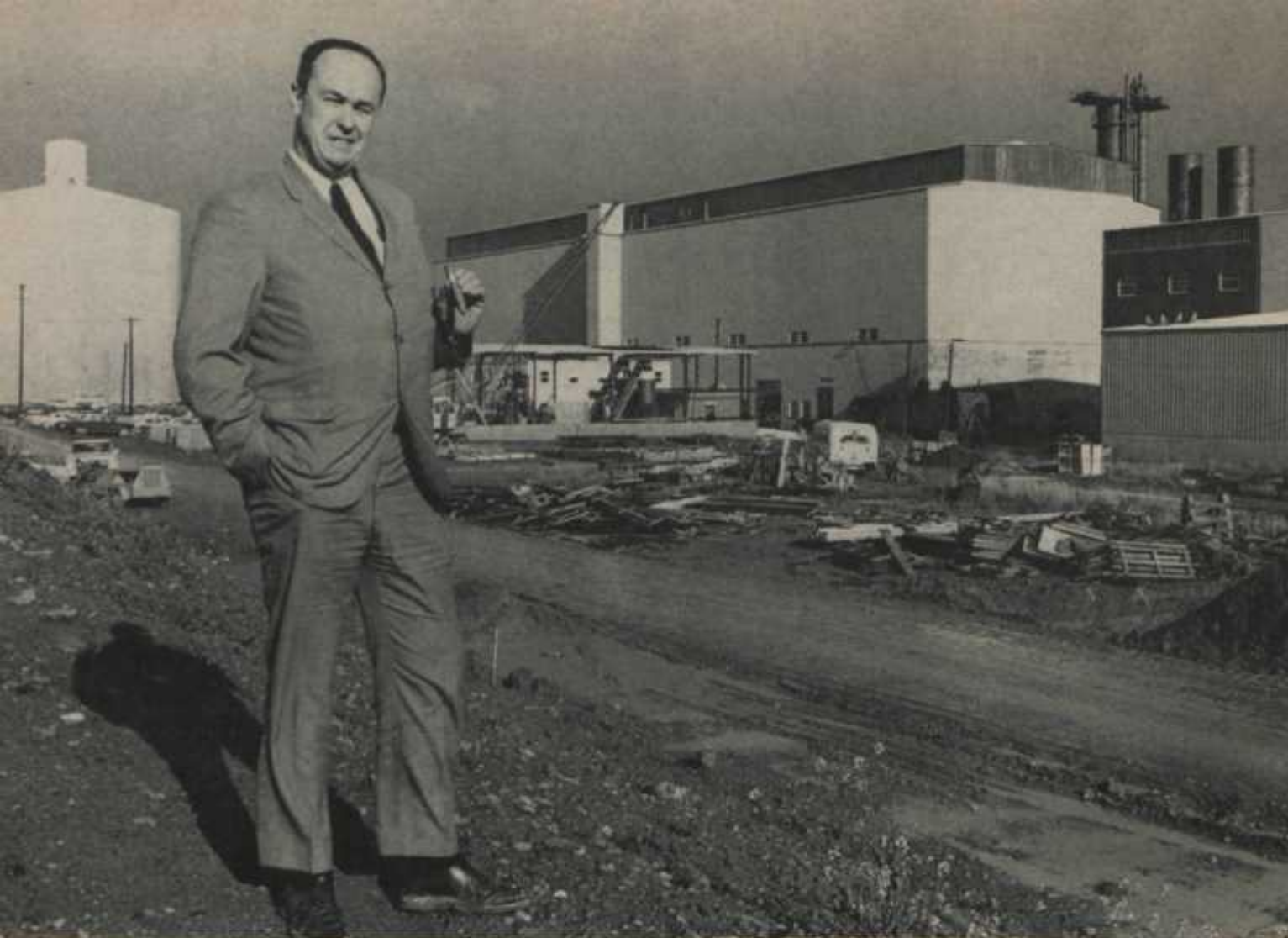
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Fred Vahlsing Jr. in front of his subsidized sugar refinery some thought never should have been built.

Uncle Sam finds hot potato in beet field

Federal chefs have put together a strange concoction of sugar and Maine potatoes in an effort to sweeten the pot in one of the nation's economically depressed areas.

Already, this bureaucratic bill of fare has turned some Congressional stomachs sour. Even the Chief Cook in Washington must be wondering if they have the right recipe.

Some \$10 million in federal money already has been stirred into this political potpourri and these serious questions are bubbling up:

- Is this another example of how government's attempts to create jobs in one place may kill off jobs in another?
- Isn't helping one company with taxpayers' money unfairly competing with other companies operated solely through private investment and enterprise?

Certainly it indicates how the federal government can get in over its head when it attempts to manipulate the economy of an area.

It all began when Congress passed the Sugar Act of 1962 to expand domestic sugar beet production and permit construction of six new sugar refineries to accommodate this increased planting.

Farm groups hustled to Washington to get in on



PHOTO: STANLEY WOLFF-BLACK STAR

Potato farmer Eric Smith is convinced the government-sponsored refinery will justify itself in the end.

the ground floor. Prospects for a solid money crop, together with the promise of a job-generating refinery, were especially attractive to those sections of the country still in the grip of hard times.

One of these was Aroostook County, Maine, which has long prided itself as the potato capital of the world. Pressed hard against the Canadian border in the far northern part of Maine, Aroostook over the years had enjoyed and endured the good and bad years of the fickle potato market.

Like so many other one-industry areas it had sought to wrench itself from the uncertainties of dependence on the potato alone.

Few of Aroostook County's farmers had ever seen the dumpy sugar beet, but they knew soil, weather, fertilizer and how to make things grow.

So Aroostook was allotted 33,000 acres to plant sugar beets. If all went well this would provide enough beets for one refinery to turn out 50,000 tons of sugar a year.

A group of farmers formed the Maine Sugar Beet Growers Assn. and immediately set the stage to acquire a refinery to process the beets.

Here enters Uncle Sam. The association petitioned the old Area Redevelopment Administration, created

in the Kennedy Administration to encourage industry in job-short areas, for a \$50,000 technical assistance study looking toward construction of the refinery. It was approved.

But refineries are expensive. There would have to be financing and plenty of it. This job was undertaken by the Greater Presque Isle Development Corp. It would raise the money to build a \$17 million refinery at Presque Isle, Maine, and lease it to the newly organized Aroostook Sugar Co.

In January, 1964, just three months after the feasibility study was launched, ARA announced conditional approval of a \$6,921,300 industrial loan to help the Greater Presque Isle Development Corp. establish the sugar beet refinery in Aroostook County.

This loan was wholly for a sugar beet refinery. Nothing else. ARA proudly proclaimed this would create 247 jobs at the refinery and another 2,410 related jobs such as full-time beet farmers, truck drivers and crop handlers.

The ARA loan, though substantial, was only a starter. Presque Isle Development agreed to provide \$2,633,240 in equity capital. The Maine Industrial Building Authority, jubilant over the prospects of getting a new industry in the depressed area, said it



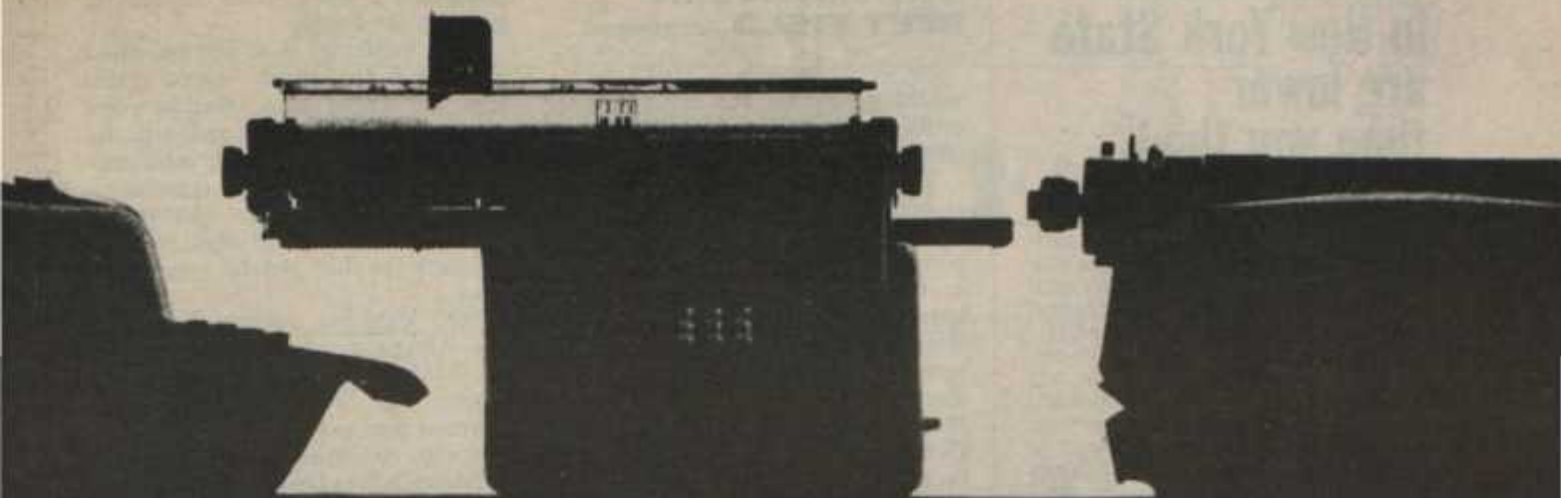
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In New York State business tax collections have risen less than in any other state. Moreover, a recent state law allows you to write off any plant or equipment in half the time allowed by the federal tax authorities. And you can write off research and development facilities in just one year.

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In many states personal property taxes exceed real property taxes. And these property taxes must be paid each year, regardless of profit or loss. However, in New York State there's no tax on personal property including inventory, equipment or raw materials.

TWO STATES COMPARED

Take the example of a manufacturer who has to maintain expensive production and research equipment. Here's how this tax bill would be assessed in New York and in a neighboring competitive state.

STATE "X" TAXES	NEW YORK TAXES
State Sales and Use 7%	State Corporate Franchise 62% (Based on income)
State Franchise 16%	State and Local Sales and Use 8%
Local Property: Real Tangible Intangible 77%	Local Property: Real Only 30%
 Inflexible taxes	 Flexible taxes

The taxes in the neighboring state are inflexible and based to a great extent on real or personal property including inventory. These stay the same, regardless of earnings. In New York over 60% of the taxes are flexible and based on profit. This prevents high taxes in a bad year.

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And if you have any other questions on plant relocation in New York State, send them along, too. Your inquiry will be coded for complete secrecy.

Write: Commissioner Keith McHugh, Room 285, 112 State Street, Albany 7, New York. Or, if you prefer, ask any responsible third party to contact us.



**DISCOVER WHAT'S NEW
IN NEW YORK STATE**

HOT POTATO IN BEET FIELD *continued*

would guarantee the remaining \$8 million necessary to get the project off the ground.

Things couldn't have looked rosier, for the Great Western Sugar Co. of Denver, Colo., entered the picture. America's largest beet sugar company and producer of one fourth of all the nation's beet sugar, Great Western began exploring the possibilities of operating New England's first beet sugar refinery. Hopes were high in Aroostook County that finally the people would be able to wrest free from the one-crop economy.

Big processor pulls out

But on Feb. 12, 1965, Great Western withdrew from the project. It was said at the time the company felt sugar beets could not be grown properly in Northern Maine. In its next annual report Great Western noted simply that, "After seriously considering all aspects of the problem, the company reluctantly decided to withdraw from the project and to write off its relatively small expenditures."

Withdrawal of Great Western cast serious doubts on whether Maine indeed was the proper locale for a beet sugar refinery. Established sugar processors had successfully ventured into the other five refinery projects created by the Sugar Act. But now in the sixth the country's largest processor chose to pull out.

Even before this, though, questions were being asked in Congress about the financing not only of the Maine refinery but also of two others. Sen. Eugene McCarthy (D.-Minn.), whose state is an important beet sugar producer, called on the Senate Finance Committee to investigate the means used to finance the new sugar plants.

He was particularly critical of the financial aid rendered by the Maine development agency. In his view it was the intent of Congress that these plants be financed from normal sources of private capital.

Nothing came of Sen. McCarthy's request.

Gloom now settled over depressed Aroostook County.

Then a young New Jersey businessman—Fred H. Vahlsing, Jr.—appeared on the scene. He was no stranger to Aroostook. He and his family had been in potatoes since 1929. As it turned out Mr. Vahlsing at that moment was busy laying

plans for a new potato processing plant in the county.

Mr. Vahlsing is a strong-willed man and the word "can't" rubs him the wrong way. Within days after Great Western's pull-out, he jolted Maine upstaters by announcing creation of a new company—Maine Sugar Industries—that would build a \$14.7 million beet refinery adjacent to his potato processing plant.

Mr. Vahlsing reckoned that if the American beet wouldn't grow in Maine, the German variety might. He brought to Maine a German beet expert, Hans-Christian Neitzke, to supervise the planting of Maine's first beet crop.

Then came another setback. Both potato plants and refineries can pollute streams.

Both Mr. Vahlsing's new refinery and potato processing plant are located at the headwaters of Prestile Stream, a tiny creek that meanders through potato fields and alder swamps of half a dozen Aroostook communities before it spills into St. John River over in New Brunswick.

The State Water Improvement Commission charged that Mr. Vahlsing's potato processing plant was violating water standards on Prestile Stream. The beet refinery would further dirty the popular trout stream, the agency charged.

Lowering the rating

If construction of the refinery was to progress on schedule, only one course of action was open: Reclassify the pollution rating on the stream to permit discharge of waste matter from the two plants.

Accordingly, a bill was introduced in the Maine Legislature to lower from Class B to Class D the pollution rating of Prestile Stream. Under the former a stream could be used for drinking water with proper treatment and for the propagation of fish. A Class D stream, on the other hand, is devoted solely to the transportation of waste without creating a nuisance.

Overnight, the bill became a cause célèbre, pitting conservationists against those determined to bring in a new industry.

The legislature was told that unless the bill was passed the ARA would not clear the loan on which the new refinery depended.

The federal government, determined to impose its largesse on depressed Aroostook County, seemed to be on the side of stream pollution. And this, despite the fact pollution eradication is a keystone

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HOT POTATO IN BEET FIELD *continued*

of the Johnson Great Society. Sen. Edmund S. Muskie (D. Maine), normally an advocate of strict pollution enforcement, supported the bill.

Republican Gov. John H. Reed made a rare and unexpected appearance before a joint session of the legislature on behalf of the bill.

Debate was long and bitter. Said Republican State Rep. Bennett D. Katz: "We are being victimized by an arrogance emanating from Wash-

ington. The federal government which is infinitely patient in foreign affairs is being infinitely arrogant with Maine."

He told NATION'S BUSINESS: "ARA people were very much on the scene during this hectic period to lend their assistance." The bill lowering the pollution rating passed.

Although Mr. Vahlsing is installing water treatment equipment in both his plants, a top state pollution official told NATION'S BUSINESS he doubted the stream ever again would achieve even a D rating for pollution.

Fred Vahlsing sees all this in a

different light. "When we opened the potato plant you had people here who couldn't pay their grocery bill," he commented to NATION'S BUSINESS.

"Now they have indoor plumbing and are driving around in nice second-hand cars."

When Aroostook sought the beet sugar allotment, the potato market was down. Today, the potato business is brisk with good prices and good prospects for the future. Therein lies a dilemma. Few farmers are showing any interest in beets.

Even before Aroostook got its beet allotment concern was being voiced in some quarters that this was not the cure-all it seemed for the hard-pressed potato farmer. In March, 1964, the *New England Business Review*, published by the Federal Reserve Bank of Boston, warned:

"The financing of continuing potato operations plus the burden of grower participation in the construction bond issue will strain the county's economy. This may increase the difficulty of financing the necessary beet planting and harvesting equipment, estimated to cost about \$5,000 per farm. . . ."

The publication also cautioned, "With a new sugar beet refinery in Aroostook as well as a recently authorized one in upper New York State, the New England price of refined sugar may drop. Lower sugar prices would be reflected in smaller returns to Aroostook growers."

Under the acreage allotment program the farmers are given three years to use the acreage or lose it. In this first year of the program slightly more than 3,000 acres of beets are under cultivation. So when the Department of Agriculture gets around to establish a "history" for the three years, the total is expected to be well below 33,000 acres.

What has not been used will be allocated elsewhere.

A beet refinery without beets can't stay in business, so Mr. Vahlsing was forced to convert his operations to handle raw cane sugar while he waits for farmers to provide him with enough beets. This called for additional financing and a bail-out from the Economic Development Administration, ARA's successor.

Big lift from EDA

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HOT POTATO IN BEET FIELD *continued*

facilities in any of the 909 designated economically depressed areas. Not only will EDA provide low interest loans but will guarantee up to 90 per cent of the working capital needed to get underway.

Consequently, EDA in June approved a \$2,250,300 loan for Mr. Vahlsing to buy additional machinery and equipment to process raw sugar imported from overseas and transhipped some 200 miles from Maine seaports to the Vahlsing refinery.

So the federal government's original \$6.9 million gamble on a beet sugar refinery has not exactly panned out.

Secretary of Agriculture Orville Freeman journeyed up to Maine last August to see how the great beet experiment was coming along. What he saw he didn't like. After all the clamor for beet acreage a scant 10 per cent was in beets.

Mr. Freeman told the Aroostook farmers he was "disappointed" and warned them they faced loss of the acreage allotment unless they put more beets in the ground.

Several farmers, interviewed by NATION'S BUSINESS, claim they will plant more beets now that they see the big refinery jutting into the sky.

Farmer Eric Smith pooh-poohs all the talk about polluting Prestile Stream. "Let me tell you," he says, "they complain about trout fishing being ruined. Since Freddy Vahlsing moved in here, you can take a hook, put a french fry on the end and pull out dollars."

In addition to Sen. McCarthy at least two other members of Congress have raised questions about the government's role in the Maine sugar beet fiasco. As a result a special House subcommittee on economic development programs has held hearings on the matter and a report to Congress is expected by year's end.

In a House floor speech last July, Rep. Thomas P. O'Neill (D.-Mass.) charged: "The loan [for the refinery] is a colossal waste of the taxpayer's money. It amounts to an investment in a beet sugar factory whose future is very uncertain indeed."

Rep. O'Neill, who later testified before the subcommittee, said the Maine refinery was not needed in the first place and would strike a damaging blow at two well established sugar refineries in his Con-



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HOT POTATO IN BEET FIELD *continued*

gressional district by displacing numerous employees.

"In short," he declared, "the loan is not only misplaced, but mispent as well."

Robbing Peter to pay Paul

Rep. O'Neill said two large sugar refineries in Boston—Revere and Domino—have the capacity to turn out refined cane sugar products far in excess of the refined sugar demand in all New England.

"I am told, and it is rather obvious, that any sugar produced by the Maine plant and sold in the New England states will clearly replace an equivalent quantity of cane sugar now produced at the Boston refineries," he told the subcommittee. "In this manner any added production that might be realized at this Maine plant will directly affect employment within the existing cane refineries."

He said Congress in passing the Economic Development Act expressly stipulated that all federal financial assistance provided under the program be preceded by sound, long-range, economic planning.

"Based on the information made public so far, it is apparent to me that the latest EDA loan to the Maine Sugar Industries, Inc., fails to meet the standard provided in the statute," Mr. O'Neill asserted.

Another Congressman, Rep. Odin Langen (R.-Minn.) accused the Department of Agriculture of showing complete disregard for the interests of America's domestic sugar producers and consumers in its allotment of domestic acreage to "questionable areas of production."

"We questioned the original decision on the loan and acreage allotment and our argument seems to be bearing out," he told the House. "The desperate move to keep the factory running by adding facilities for the refining of sugar cane is not the answer either."

During the subcommittee hearings, Rep. O'Neill claimed EDA funds were used in violation of the law by permitting Mr. Vahlsing to purchase from West Germany some of the machinery and other equipment needed to convert the Maine refinery to handle raw cane as well as beets.

"All I can say is that I am highly critical of what has transpired," Rep. O'Neill complained. "I was a firm advocate and supporter for the EDA. . . .

"But I see a glaring mistake of this type. I believe they have circumvented the law we have passed."

Not as careful as business

A member of the subcommittee, Rep. Edwin Edwards (D.-La.), may have put his finger on part of the problem when he observed:

"In defense of the [EDA] administrator, without taking a position pro or con as to the advisability of the loan, I am certain the witness [Rep. O'Neill] will appreciate that this department cannot be as sensitive to the strict guidelines for good business investments that an ordinary businessman would be, because of the overriding desire on the part of the Congress and on the part of the administrator to aid in unemployment in the areas that need that."

Rep. William D. Hathaway (D.-Maine) in whose district the new refinery is located, appeared before the subcommittee to defend both the acreage allotment and the government decision to help finance the refinery.

He pointed to statistics showing the demand for sugar is far out-running the supply, and said the Maine refinery is fully justified.

True, sugar consumption in the United States is on the increase. But not in Rep. Hathaway's part of the country.

Statistics made public by the Department of Agriculture on Sept. 20, 1966, show sugar sales have declined steadily in six New England states, including Maine, from 8.9 million 100-lb. bags in 1961 to 7.9 million in 1965.

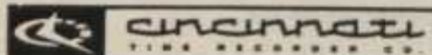
Iverson Mitchell, EDA loan officer for the Maine project, told NATION'S BUSINESS his agency is satisfied the government's investment in the Maine operation is a sound one, both from its ability to obtain beet and cane sugar for processing and as a job-generating enterprise. Also, he said, the government is convinced from its studies that the atmosphere is favorable for marketing Maine-produced sugar in the New England area.

Inevitably, however, this would be in competition with nonsubsidized producers.

Mitchell disclaims any participation on the part of his agency in the dispute over downgrading the pollution rating on Prestile Stream. But on the question of whether this should have been done, he readily agrees:

"If it's a question of putting food in your mouth or catching trout I'm for the former."

END



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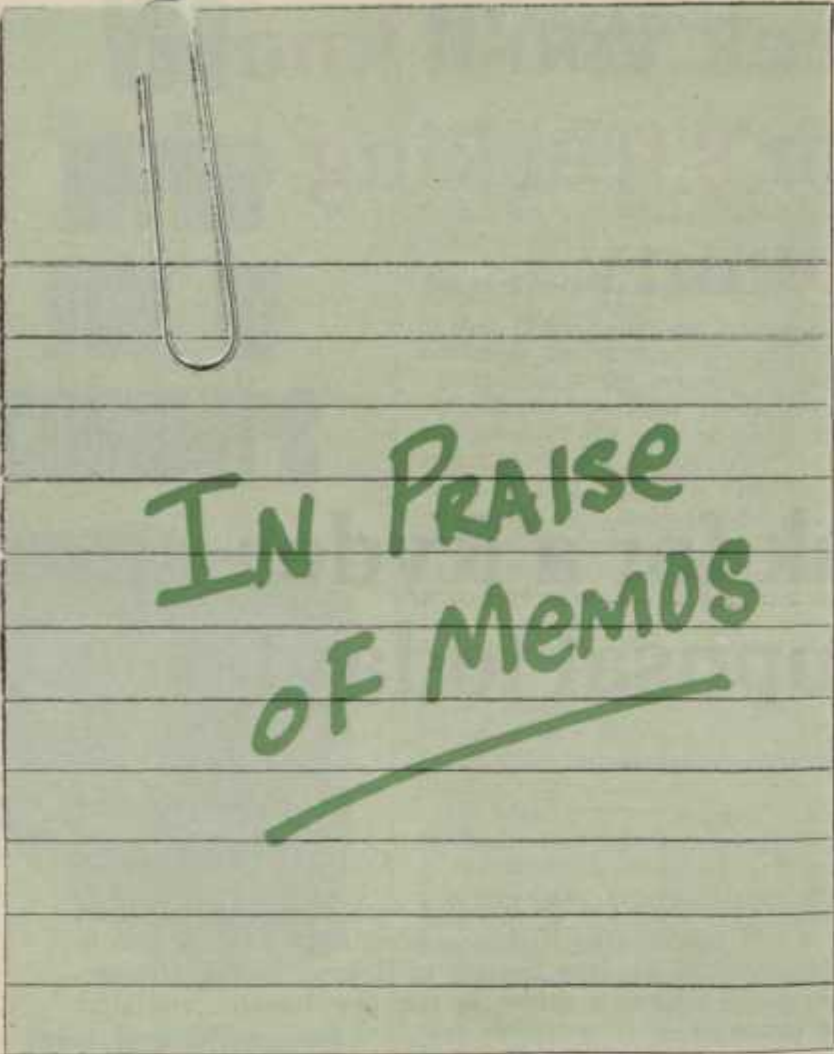
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IN PRAISE OF MEMOS

The memo, properly used, can be a powerful communications device to make your time more effective and work more efficient.

A memo tends to take the fuzziness out of communications. It's in writing, and it has your name on it. Under such circumstances thinking tends to be clearer both when it's written and read.

The drawback, some people feel, is that committing yourself in writing hampers your footwork in tight situations. Perhaps it does. But one of the purposes of good memos is to avoid tight situations. And I'm going on the assumption that you're interested in getting ahead. That, in my book, carries with it the implication that your primary strategy is not "playing it safe."

Assuming you're a get-ahead executive, memos will help you.

Besides making things clearer, memos establish a record and contribute to more effective business relationships. With a memo you can be absolutely sure that a request and due date are as clear as

possible. You can avoid lengthy, time-consuming conversations by clearly stating the facts in advance. If the receiver of a memo has questions, he can come back to you. The purpose of a good memo, however, is to preclude questions through careful thinking in the first place.

Bringing thoughts into focus

Most of the time, if you follow true to form in your job as a promising businessman, you are probably engaged in fulfilling information requests from other departments or clients or your supervisor; and probably you're fulfilling them much too frequently, all at the same time. Either that or you're taking action on requests from either or all of these sectors—once again, with demands frequently at the same time.

Assuming you are like the rest of us, your mind is splintered into a number of areas of concentration.

How are you going to get all these things done? Precision is one answer. Knowing precisely what is required of you, you can move swiftly and effectively to fulfill the demand. A memo helps you know precisely what is required of you.

If the accounting department has

not been as clear in its request as you would like, ask them to please put that request in a memo. It's sometimes surprising how the number of requests seems to decrease when this technique is used.

As a record of your activities, memos can be especially valuable. They are particularly handy when a new man comes on, or with a new supervisor, or even a new client. Here is a ready record which quickly brings the new person up-to-date.

The memo has another important function: Accountability. If something goes wrong, chances are someone "goofed." This is not always true—only 99 per cent of the time. Memos, properly used, thus establish accountability 99 per cent of the time when things don't work out as originally intended.

Rightly used, a memo permits a man to fulfill another man's request effectively and efficiently while taking up a minimum of that other man's time in getting the information to him.

How memos help

More and more businesses are places where "getting along" with people is not only nice—it's essential. The memo can be helpful where you must deal with people who, no matter how hard you try, just don't seem to be your type. A memo limits that danger area of personal contact, while at the same time giving them all they require from you in a usable form.

It has happened that where memos are good enough, the praise they bring mysteriously changes even very difficult people into your type of people after all.

In the last analysis, of course, how memos help you get ahead hangs on how good they are. They don't have to be literary gems. But they do have to be clear, understandable, to the point. The best memos include a clear statement of purpose—why it is being written.

Just the simple act of thinking about this sometimes deters the memo writer. Whatever the outcome, thinking about the memo has made for a clearer course of action.

Then, the memo should state what is expected of the recipient and by what deadline. We all tend to function more smoothly when we know what is expected of us.

Thus, through careful memo usage, the busy businessman who feels he does not have enough time for his own job, much less for shouldering some of his superior's, can discover he is able to make time.

END

SAM B. VITT, author of this article, is senior vice president, Ted Bates & Co.

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TRAINING FOR INDUSTRY

WHEN IT'S YOUR OWN MONEY

On-the-spot report shows how the Yugoslavs are thriving by capitalist incentives while we adopt more central planning

Marko Petrovitch is old now—74. He has been an automobile mechanic since 1935, usually working in a scruffy shop under a grape arbor in the backyard of his small house in Skopje in old Macedonia.

Marko Petrovitch has seen cruel times—earthquake, Nazi occupation, monarchist harshness and especially the long, dark years when Yugoslavia's communist masters persecuted small businessmen like him who made their living in free enterprise. There weren't many of them then.

Today men who employ workers and run profit-seeking, free enterprise businesses in this communist land are respected. There are nearly 400,000 of them in Yugoslavia now.

From the Slovenian Alps in Yugoslavia's industrial North to the squalid, arid South of Macedonia, collectivism and centralism are in a wheezing and weakened state. Free enterprise is thriving.

Private businesses by the thousands are multiplying.

Unlike the United States where government becomes more deeply involved in business and where the profit motive seems increasingly in disrepute among bureaucrats, the Yugoslav government is turning business over to businessmen and encouraging profit making.

In Yugoslavia the government, though still calling itself socialist-communist, smiles on the private profit-

The author, NATION'S BUSINESS Associate Editor STERLING G. SLAPPEY, is a veteran foreign correspondent who worked in more than 30 countries during his 10 years abroad, including USSR where he learned about communism at close range. He just spent three weeks in Yugoslavia gathering material for this article.

Josif Perchinkov is determined to keep his Macedonian watch repair shop. Communist officials now help him.



maker. The government lends him money, cuts the interest rate, reduces his taxes and encourages him to go into business and to compete.

Police and courts even look the other way when legal corners are cut and laws are actually broken in the rush to revive the competitive spirit and thereby speed the rate of progress and development.

This dramatic economic turnabout has gone little noticed, or reported. This is especially true during the past 16 months when the Yugoslav government's plan drastically to reduce its involvement in business shifted into a higher gear.

The dismantling of collectivism, establishment of "self-management" among workers and rebuilding of free enterprise is now further advanced than the West generally is aware of.

An untold story

The Yugoslav press—a surprisingly free press at that—has not cared to document fully the upheaval. It has been hard enough for one time Marxists-Leninists to bring about these changes, and they are in no mood to emphasize past shortcomings and economic failures.

Theirs has been a sweeping retreat.

The changes were ordered by Marshall Tito and his government. But others are planned. Already developing here is a new kind of economy which is not centralized and controlled, nor is it an entirely free one. It is the halfway house.

Earliest change in Yugoslavia came after Tito had refused, in so many words, to do what Josef Stalin told him to do politically and economically. Tito had always been a nationalistic communist, and in late 1952 he led Yugoslavia to the abandonment of rigid Stalinism and centralized planning. Yugoslavs then

"My big hobby is doing a better job than socialized mechanics do," says Marko Petrovitch, a stalwart believer in free enterprise who has four employees in a Skopje shop. "Our work is faster and better."

Privately owned beauty salons, barber shops, restaurants, taxis and small manufacturing plants multiply in Yugoslavia, a nation that has given up on communism.



WHEN IT'S YOUR OWN MONEY *continued*

established their Decentralized New Society.

Decentralization brought separation of government from business management. Workers at state enterprises elected their own operating councils and ran whatever business they were engaged in under worker management.

However, it did not go far enough and fast enough toward freeing the economy.

During the summer of 1965, The New Reform was ordered by the Belgrade government. This carries decentralization much further and it breaks new ground in freeing industry, business and the economy from communist and government controls and restrictions.

The latest changes are certainly a flight from hidebound socialism.

Today prosperity abounds. Belgrade, Zagreb and Ljubljana, Novi Sad and other cities have traffic jams morning and evening. People are not yet fashion plates, but they are neatly dressed.

Food prepared and served in privately owned restaurants is superb. The people eat, if anything, too much meat. Few Yugoslavs starve. Housing construction is on the rise.

The people are completely free to leave the country. More than 250,000 of them work abroad for periods of three months to two or three years. Only rarely do they decide not to return home.

Pride of ownership has been revived.

The secret police service, UDBA, has been downgraded. Aleksandar Rankovic, who led UDBA until last July, is deposed and these autumn days he rides about Dubrovnik and along the Dalmatian coast in a

Mercedes-Benz — a man without power. Rankovic was supposed by many to be the heir apparent to Tito.

In Belgrade, it is said Rankovic spent too many vacations in the Soviet Union to please Tito. And, as a strict communist, Rankovic opposed relaxations under Yugoslavia's New Reform.

Even Tito may not have moved fast and far enough. The vague outline of what may someday be an opposition party to Tito's ruling group is thought to be taking form among a group of intellectuals and writers in Belgrade.

However, this nation is still the political fief of Josip Broz Tito. And though he is anathema to many in the United States, he is the man who permits nearly 400,000 Yugoslavs to own private businesses.

Private businesses multiply

The number of these businesses has increased eight per cent in less than a year.

In the national capital of Belgrade are 400 "privatniki" taxicabs.

In and about the city of Zagreb, in the republic of Croatia, are 300 privately owned restaurants. Ten years ago there were 15.

In Belgrade are 5,700 shops owned by individual handicrafters, mechanics, barbers, beauty shop operators, jewelers, souvenir makers, bakers, tailors, cobblers. They employ 7,500 workers and 2,500 apprentices in addition to members of their own families.

In all of Yugoslavia there are 150,000 of these flourishing little outposts of free enterprise.

This is a significant start, even for a nation of 20,000,000 people.

In Dubrovnik, leading town of the tourist-crowded Dalmatian coast, are 8,000 private hotel, motel and lodging house rooms which are

rented to visitors. There are less than half as many rooms in state enterprise houses.

In Slovenia one half of the 3,000 restaurants are in private hands with profits going to owners and not a dinar going to the government except for taxes.

In magazines, newspapers, on radio and television, Yugoslavs get western style advertising.

Eighty-seven per cent of the country's arable land is now owned by individual farmers and peasants who can sell their land, will it after death to a son or daughter or give it away. Remaining acres are held by "the social sector" as Yugoslavs like to call their network of state-operated farms, manufacturing plants and trade organizations.

In 1964, less than 75 per cent of the land was in private hands.

Stalwart capitalistic organizations such as Hilton hotels, Pan American Intercontinental Hotels and Thomas Cook and Sky Tours, two British travel organizations, are in partnership or doing business with Yugoslav state organizations.

Last spring Tito's government quietly announced further relaxations which will more easily permit western firms to go into business with Yugoslav organizations either in the social sector or the private sector.

Yugoslavia is determined to make the dinar convertible, to take part in western tariff-cutting and to do business with trading blocs. To do so it must lift the average Yugoslavs annual income well above the \$500 figure and it must accumulate billions in hard western currencies to back the dinar.

The country is making progress towards these objectives, largely by riding on the efforts of private business. Several main means are used to get dollars, pounds, marks, francs and guilders.

One manner of attracting Western money is through business arrangements with foreign firms. Exports, of course, are another source of good currency.

But of most importance is tourism. In 1965, \$105 million net was accumulated in foreign currency from tourist business. The 1966 figure may top \$160 million. Ten years ago it was \$11 million.

Why Tito switched

Marshall Tito, who is far and away the most intelligent, realistic man in the onetime communist bloc, discovered (and indeed was willing to acknowledge publicly) that Yugoslavia had to turn to private en-

A Yugoslav farmer sells peppers and tomatoes at the open air market in Zagreb. He raised them on farm he himself owns near Backa, Hungary.



terprise if it wanted the tourist business.

There is no hesitation among officials in Belgrade or tourist directors in Dubrovnik in admitting that state-operated hotels and restaurants are rarely good enough to attract westerners whose expectations are as full as their pockets.

Except in a few state-owned deluxe hotels and restaurants, initiative, imagination and interest among state enterprise employees is astonishingly low. Service is so bad in state restaurants like Gradska Podrum on Republic Square in Zagreb that a diner often must start for the door before surly, disinterested waiters will bring the check.

Not so in comparable private restaurants. At Fat Martin's, a woodland restaurant near Zagreb; in Kuglana which is near Zagreb; in Dubrovnik's two finest, Ivo Rudenjak's Astarea and the Prujenko; at Stojanovsky Slavko's meat speciality house atop a kino in Skopje, the customer gets the hero's rush.

Effects of free enterprise do not end with good service. Tourists from London, Düsseldorf, Rome and Vienna find spotlessly clean linens, menus in three or four languages, waiters with initiative and restaurants with infinitely better food. The European tradition of the headwaiter's looking in to see if all is well is followed to the letter in private restaurants.

Officials from the tourist office in Dubrovnik encountered the frustrations of socialized food three years ago when they wanted a state enterprise to open a drink and food stand on the ancient town battlements. Thousands of tired, thirsty, hungry and well-monied tourists walked the walls every day—sight-seeing, taking pictures and getting the sun.

But, no state enterprise would take a chance.

The officials turned to the private sector. They immediately found an entrepreneur who said the proposition looked good to him. They got him a state loan, even filling out his application for him. His stand was erected and he is getting rich. On spring and summer days, tourists line up outside his shop.

Another source of revenue for the country is the quarter of a million Yugoslavs working in Western Europe. They send hard money home by the millions. This money, practically every cent of which is earned abroad in privately owned businesses, is helping pay the way for convertibility.

Yugoslavs working abroad mail

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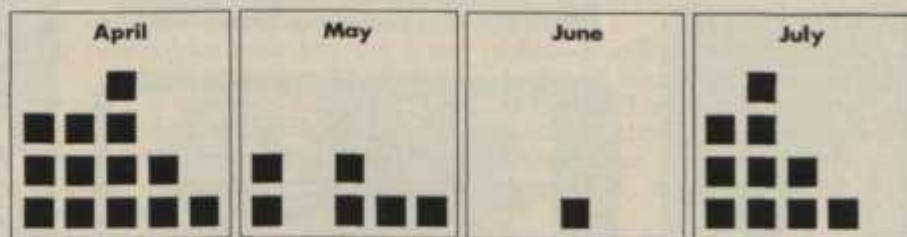
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WHEN IT'S YOUR OWN MONEY *continued*

home electric motors, clothing and consumer items which their relatives sell. This has become what Yugoslav economists call the "hidden private sector."

Learning from the West

To learn the ways of good currency management, Yugoslavia found years ago she must send her economists west, not east. Today, the brightest young Yugoslavs without exception go to such schools as the London School of Economics, Stanford University, Williams College and other western universities.

The world's leading economists speak English and usually nothing else. Nations in the Soviet bloc—with the exception of Romania—do not yet fully realize this. Yugoslavia does.

"We have not sent anyone to the Soviet Union for economic training in many years," an official of the Institute of Economic Research in Belgrade told NATION'S BUSINESS. "We do not have anyone here at the Institute who speaks Russian either," he added.

Yugoslavia is made up of six republics, five nationalities, four languages, three religions, two alphabets. Seven nations border Yugoslavia. So it is no insurmountable problem for these people to operate under a mixed economic system. With so many nations crouching around her border, Yugoslavia finds little new in foreign influence and pressures.

Just after World War I—which the Serbs helped launch by shooting Austrian Archduke Francis Ferdinand and his pretty wife in Sarajevo—Yugoslavia was created with bits and pieces of crumbly Balkan real estate.

Such a makeup and such a history has made this a confusing corner of the earth and the present is no less confusing than the past.

This is why Yugoslavs can bend to fit occasions more easily than most, why they can see nothing strange in having a law which says any man can own his own business but that he must not live off the sweat of an employee.

After drawing that distinct line, the government puts a ceiling of five on the number of other people who will be allowed to sweat for the owner. After setting that ceiling, officialdom conveniently does nothing when it is exceeded.

"Certainly, I have more than five

people working for me," says a restaurateur in Croatia.

"I have seven employees in addition to two members of my family. The officials know. They don't care."

He has 120 chairs inside his restaurant building and 250 in a garden, a large bar and a bowling alley. He is on his way to living the good life after only two years of ownership.

Is he a capitalist? one would be entitled to ask. The Yugoslavs say "Absolutely not" although their hazy definition of a capitalist is a person who produces little himself and lives largely on the efforts of others.

Stretching the rules

Officials in Belgrade say the marshal and his economic advisers are aware of agitation to increase the five employee limit to eight or 10 and that chances of this happening "are very good."

Already this limit is being stretched to fit occasions.

For example, several private construction firms can join forces as a private syndicate to do a job. Each

**Union leaders
are mapping out
new ways to organize you.
Here's how businessmen
can successfully counter
these tactics.
See page 42.**

contractor can employ five workers. A private contractor can also bid on a job and then subcontract the work to other private shops.

Private tourist hotels in Pula, on the Lake of Bled, in Dubrovnik or at Saint Stephan need no employees during the out-of-season months. During the summer, of course, they need many more chambermaids, waiters and cooks than the legal limit of five will allow them.

The new way of getting them, a way which is blinked at and then winked at in Belgrade governmental circles, is to add the five you would have employed, but didn't, during each of the dead winter months to each of the busy summer months.

Still another dodge which finds favor is to take on extra, temporary employees for "special occasions." This comes in handy when a private restaurateur is hosting a big banquet for, say, the local soccer team. The owner brings in seven or eight extra waiters for the night.

Serbs, Croats, Slovenes, Bosnians

or Macedonians can be devious. They have had to be for their history has not been as straightforward as ours or the British. They had to learn to exist under Turks, Greeks, Germans, Austrians and their own off-brand governments. The earth's worst kings have been Balkan kings.

The art of finding a way around the situation has been brought to perfection here through practice.

Ground rules for private apartment, hotel, or lodginghouse owners is that one person can own no more than two large or three small apartments. But definitions of "small" and "large" are hazy.

There is further confusion over how many people can be rented sleeping space in each room.

With such golden ambiguities to guide them, Yugoslavs are doing well in the private hotel business. They stack five or six persons to the room and the government tax is only \$6 per bed per year for up to four beds. Additional beds cost only slightly more in taxes.

Ivo Rudenjak, an elderly restaurateur, pays less than \$800 a year in taxes and rental for his 60-chair deluxe eating place in Dubrovnik, for example. It is located in a one-time Dominican monastery and one of his rooms once was Napoleon's powder room and arsenal. The history-laden spot does a year-round business.

Rudenjak, now bald and thinking of an early, contented retirement, has been in private business for many years. First he owned small ice-cream stands where he sold his own products. He bought his machinery in Italy. Then he graduated to fruit juices. Now he has his two earlier lines, plus his restaurant, as well as a business which sets up short order booths at Yugoslav trade fairs.

Business gives better service

Why is Rudenjak allowed to have such a restaurant plum? Why shouldn't a communist stalwart have that fine spot in Dubrovnik?

Gino Sukno of Dubrovnik's tourist office has the answer: "The state-owned restaurants are not good enough. Tourists wouldn't like to eat in them. Neither would Yugoslavs if they could find a good private restaurant."

Private workshops or mechanic shops do a rushing business keeping machinery from state enterprise farms and government agencies operating.

Marko Petrovitch, the aging Skopje mechanic, specializes in car and truck radiator repairs. He hires

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WHEN IT'S YOUR OWN MONEY *continued*

four mechanics and, he says, "I will hire 20 more as soon as the laws are relaxed.

"I have work for them because my shop and the other private mechanics in Skopje do much better work than the state shops. Our charges are about 50 per cent cheaper."

Petrovitch's time schedule calls for some jobs to be completed in three days while state enterprise shops can take up to three months for the same work.

"In the late 1940's the communists said private employers were enemy number one. After a few years they decided private business was a necessary evil. Now the responsible communists consider the private sector a useful part of the Yugoslav economy. Each day liberalizations are more apparent," he adds.

On July 26, 1963, Skopje was racked by one of the worst earthquakes in history.

Today, the city is nearly rebuilt and the private sector has made one of the biggest contributions to the reconstruction. Scores of homes have been rebuilt by private owners. Shops by the score are back in business under management of their private owners.

Milenko Jajagin, the barber, and Protic Rista, the jeweler, have their shops in the center of bustling Belgrade. These private businessmen are affluent.

Jajagin owned his shop back before World War II. He barely hung on during the trying times when Nazis were in Yugoslavia. Then the small, defenseless businessmen saw the communists take the government in 1945. Still, he clung to his five-chair shop.

Now, he believes he has clear sailing. He is encouraged by the government. He has added a beauty salon in the rear. He is "completely satisfied with my income."

He charges only 25 cents for a haircut.

Rista has been in the private jewelry trade for 30 years. In the past five years his taxes have been reduced. He pays about one fourth the rent a state enterprise would have to pay for his location. And these days he notes more former private shop owners "who went state" are now reopening their old shops.

Rada S. Lazarevic, a courtly 75-year-old Slav, opened his typewriter

and adding machine repair shop in 1927 in Belgrade after studying in German engineering schools for 15 years. Until 1941 he was prosperous and happy. Then he was bombed out. Private enterprise suffered after the communists took charge. By 1951 his taxes were so high and life with the government "centralists" was so hard, he was on the verge of closing his shop. State shops were given practically all of the business.

Since 1952 when decentralization set in, he has seen steady improvement in business and relations between private enterprise and government. In recent months, rate of improvement has leaped forward.

Wooing the farmers

If any group takes less to communism it is the people who live on the land. All across central Europe the farmer has resisted communism the most. He still does.

Nearly 15 years ago Yugoslavia realized this and began turning the land back to the peasants. They are limited to owning 10 hectares, which is just short of 25 acres. But there are few other limitations.

Yugoslavia's five million private farmers now—unlike the harsh days of 12 or 15 years ago—are allowed to buy the best seeds and fertilizers. They can buy tractors, hire farm workers. They sell products on the open market or to cooperatives.

The Belgrade government now permits farmers to rent out their tractors. This not only helps them to compete with state farms, but it also increases usage time of tractors, still in short supply.

If private landowners get tired

How U.S. aid helped Yugoslavs

For many years Yugoslavia's economy was propped up with great helpings of food, loans and grants from the United States—nearly \$2.5 billion dollars' worth—for both economic and military development. In recent months the supply has dried up almost entirely.

Between 1949 and 1956 the loan and grant total through the Agency for International Development (AID) and its predecessor agencies was \$574 million, of which \$188 million was sent in loans.

The Food for Peace program sent \$1.22 billion worth of food. Military aid, which has amounted to practically nothing for many months, totalled \$695 million.

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WHEN IT'S YOUR OWN MONEY *continued*

of the farm they can rent their land to state farms and go to the city. Later if they want to go back home, they can get their land back.

In the Vojvodina area of central Yugoslavia—the nation's breadbasket as well as its vegetable patch—there is a new contentment.

A hulking farmer on a rocky piece of land near the Dalmatian coast tells in simple terms why his country turned its back on vast land collectivization and began breaking up the big state farms which the communists had mistakenly thought could be run like factories.

"I will tell you the difference between a farmer on a state enterprise and a farmer who owns his land," he says.

"A cow is soon to have a calf on the state farm but no one cares. That she will drop the calf during the night bothers no one. So, dur-

ing the night, the calf is born. A little something goes wrong. The calf dies. Who cares? The calf belonged to no one.

"Now on the private farm this is different. The cowherd stays up all night to help the calf to life. Why? Because the calf is his. If it dies, he loses an animal."

Despite the fruits Yugoslavia is picking from the private enterprise tree, there are, of course, people who oppose the relaxation. Rankovic was the leader of this group.

Their chances of turning the clock back to doctrinaire socialism or to centralism are not considered good by some of Yugoslavia's leading economists. Even after Tito's death or retirement there is little fear of retrogression.

One of Tito's new leaders said in early October, "We are not interested in the dogmas of Marx as such. We admire just as much Abraham Lincoln or Thomas Jefferson for their deep interest in the freedom of the common man." **END**

WHY THE DRAFT WON'T HURT *continued from page 36*

panies for as much as six weeks before a final determination is made on whether he'll be a soldier.

The washout rate so far in these companies is only one and a half per cent and the Pentagon expects 85 per cent of the original 1-Y's to make the grade.

"These men are not morons," snaps a former drill instructor. "They have the equivalent of a fifth grade education. You had the same problem in World War II with slow learners. Only then, you just recycled him into another company just coming along in training instead of having a special company where he can go and catch up with his original group."

The confusion over whether these men will get special "academic" training is the Defense Department's fault. But "academic" subjects, by the service manual's definition, are discipline, first aid, how to shoot and clean a rifle, run a bayonet course and throw a hand grenade.

"There's not any reading, writing or arithmetic," insist men who have served as instructors in the training companies. But "any soldier can upgrade himself educationally in off-duty classes. And most do, especially those who don't have a high school diploma. We encourage it."

The new standards for the 100,000 1-Y's to be inducted are not as low

as in World War II. And physical qualifications are tougher. But Pentagon manpower officials say the 1-Y's can hold down a third of the jobs in the military.

The military has been "spoiled rotten," in the words of one of its manpower critics, because for the past eight years "it has been used to taking only the 'cream of the crop.' But there's a shooting war on now and they ought to recognize it."

Business, professions need talent

Both ranking defense officials and Hershey have stoutly defended the practice of deferring college students, a practice some in Congress have claimed discriminates against poor youths who can't go to college.

But the Administration has made it clear that the needs of the nation's economy—its future supply of doctors, scientists, technologists—are going to get equal consideration with any military manpower demands.

Hershey says that the hue and cry over college deferments is much ado about practically nothing.

"If draft calls stay about 35,000 a month," he told a House Armed Services Committee holding hearings on the draft, few, if any, full-time college students will be called. And this regardless of grades or class standings.

The draft system has reinstituted a special test for college students seeking deferment to help local draft boards decide whom to defer. Of those who took the first test, 84 per cent passed it.

And many local boards are taking a hard look at school records of students getting deferments.

"Any student had better show he's serious, trying hard and after a degree, not just course-hopping around," one Selective Service System official declares.

Draft calls for the first six months of this year fluctuated, but those for October and this month took a big jump: 49,200 for October, 37,600 for November.

In the same period of time, the discharge rate averaged considerably higher. For instance in January, 37,280 were inducted and 43,201 discharged. Other monthly figures during the year's first half: February, 25,400 inducted, 49,140 discharged; March, 22,400 in, 76,311 out; April, 19,200 in, 60,870 out; May, 40,600 in, 44,132 out; June, 18,500 in, 49,281 out; July, 28,500 in, 44,893 out.

Many of these discharged men are coming directly into the labor force. Others are headed for college campuses or specialized training.

When the new peacetime GI bill of rights was enacted March 3, it had a ready-built backlog of four million ex-servicemen. All who have served since Jan. 31, 1955, are eligible if they had 180 days of active duty. For each month of service, one month educational assistance is earned. Payments range from \$100 to \$150 a month for full-time students, depending on the number of dependents.

By the end of summer school this year, 40,000 were already taking advantage of the bill's educational provisions and the Veterans Administration had in hand 350,000 applications. It expects 460,000 to be using the benefits by the end of the 1966-67 school year.

No frilly courses now

The amazing thing to the VA is that 90 per cent of those seeking assistance payments are aiming for higher education or the sophisticated technical training schools in business and industry.

This is a huge increase over the percentage of World War II and Korean conflict GI bill students who aimed for college or the top skills. After World War II, 29 per cent of the eight million using the GI bill went to college, after Korea, 51 per



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WHY THE DRAFT WON'T HURT YOU *continued*

cent of two and one half million.

"The frills are banned," says a VA spokesman. "No dance courses, no pilot training. But these people don't want them."

No one has put a price tag on just what the benefits of the other two GI bill of rights have meant to the nation's economy in terms of increased earning power.

"Incalculable," is the only answer one knowledgeable administrator in the VA will give.

But the American Legion is on record with what it thinks of the past benefits:

"The first time this country has ever been in war and not had a depression immediately afterwards is World War II."

For the future, it is plain there is no real pressure to disturb the 11 categories and 39 specific critical occupations eligible for draft deferment.

Coming changes in draft law

It is likely that when Congress acts to extend the authority to induct next year it will make some

procedural changes, i.e., induct younger registrants first in the 19-26 liability bracket rather than older men. The Defense Department backs this proposal.

It also probably will establish a central record pool of all top priority registrants, filling draft calls from it. This would eliminate instances where one board has exhausted its supply of single, 1-A men and is taking married 1-A's while other boards have a plentiful supply of bachelors.

Gen. Hershey, too, would like to see college students called right after they get their degree. Most of these no doubt would opt for Officer Candidate Schools. Since the services depend on college ROTC programs and OCS school graduates for 90 per cent of their new officers, the military would be delighted.

Under any system, though, selection is always going to be a dilemma. Assistant Secretary of Defense Thomas D. Morris underscored the problem when he told the House Committee that in less than 10 years—by 1974—the number of men reaching draft age will total 2.1 million each year—more than 80 per cent above the 1955 level. **END**

BUSINESS OPINION *continued from page 11*

penalizing the average family by taxing money away from them.

At the same time care should be taken to see that the federal government does not turn around and spend this money, thus contributing in that way to inflation.

JOHN M. ELLIOTT
Director of Personnel
Continental Baking Co.
Rye, N. Y.

To the Editor:

You asked for a better idea than LBJ's guideposts to curb inflation.

I feel we should take a very serious look at the so-called cost-of-living index.

In our family, if we find that the cost of roast beef is too high, we just substitute some other form of food. The same reasoning applies to almost every item that is included in the cost-of-living index.

When you consider that this index is used as a factor in raising wages, it then becomes a part of the inflationary spiral that gives us so much concern.

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Troy, Mich.

To the Editor:

You said "Maybe you've got some ideas for a substitute" for the guideposts.

"Gearing Wages to Productivity," a booklet by Allen W. Rucker, comes as close to presenting a practical answer as anything I have been able to uncover.

H. EDGAR CONEY
DeWitt, N. Y.

To the Editor:

You asked for a substitute for the guideposts.

Add an amount equal to the cost-of-living rise. Last year's CPI (consumer price index) increase, 1.8 per cent, would imply that 3.2 per cent + 1.8 per cent = five per cent could be used in 1966. And 1966's three per cent cost-of-living increase would imply a 3.2 per cent + three per cent = 6.2 per cent guidepost for 1967.

Or the government could decide a CPI policy for the year, and use that as an "inflation additive."

For example, if price controls were imposed, the inflation additive might be zero.

RICHARD WHITE BURRILL
Harvard College, Class of '68
Cambridge, Mass.



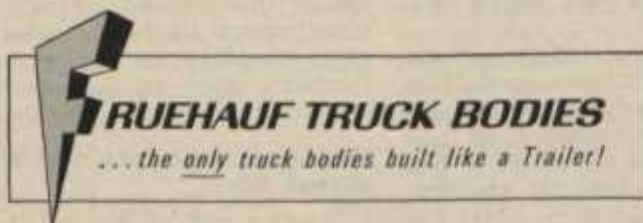
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① Heat-deflecting white pre-painted body panels team with block foam insulation to insure positive temperature control. ② Tram track (pictured) was specially designed to fit into owner's particular meat-handling system. ③ Engineered for efficiency, Fruehauf Truck Bodies give owners a distinct competitive advantage.



You have seen only one picture in your life. I'll bet Cecil has never seen even one. That will make a fine company."

However, we did have lunch with Cecil a few days later and it was true that he had never seen a motion picture. Nevertheless, after considerable convincing, he did agree to join us and we gave him a small interest in our company.

Well, I understand you sent De Mille out to California to make your company's first picture, "The Squaw Man." How could you do that if he knew nothing about making pictures?

I knew there was a studio way up about 180th Street where Edison made pictures. It was a building where they shot on the roof so they could get the light from the sun. It was really very primitive. With a certain amount of pleading, I arranged for Cecil to go up there and watch them. He phoned me the night of the very first day he spent there, and he said: "If that's the way they make pictures, I'll be knighted in a year."

What did you do then?

With a part of our small capital, we bought the motion picture rights to a very successful play then running on Broadway, "The Squaw Man," starring Dustin Farnum. We engaged Farnum to play the same role in the picture.

We sent Cecil and a company with an experienced director to California where there was lots of sunshine to produce the first picture. There were a few others like Sennett, Ince and Griffith already making pictures out there in Hollywood.

Were you in California at that time?

No, I was in New York arranging for the distribution not only of "The Squaw Man" but of a whole program of a dozen pictures we had announced we were going to make.

Sime Silverman, the owner of *Variety*, was entranced with the idea of us three young fellows going into a field that was then monopolized by a trust, and had given us a great deal of publicity in his paper.

I made contracts with a number of people who each distributed pictures in several states. I found that the small capital we had started our company with was not enough to cover the cost of our first picture, so I got them to give us not only a deposit on "The Squaw Man" but

also an advance against the last picture we agreed to deliver. So financially, we were in pretty good shape when Cecil sent a print of "The Squaw Man" to New York from California.

And I imagine that you were in even better shape after the film got to New York?

No—that's where you are all wrong. In fact, that was a tragic time which almost ended my motion picture career right then and there.

What do you mean? How come?

I had arranged a grand preview in a theater for all the distributors who had bought the picture and many of the theater owners they had sold it to, and others, complete with orchestra and all the trimmings.

Well, when the picture was projected, it jumped all over the screen. It was not a motion picture—it was a tragedy.

I was crushed. So was Jesse, sitting alongside me. He turned to me and said, "Well, Sam, remember what I told you about tamales. This is the end of your motion picture career."

What did you do?

I was practically out of my mind. I had no idea what was wrong. But someone in the business told me to go to Philadelphia to see Siegmund Lubin who was a member of the "trust" but who, they said, was a good man.

I took my cans of film to Philadelphia and went to see Mr. Lubin and told him my future was ruined unless he could help me. I became so emotional, pleading with him, that I actually broke down and cried.

Mr. Lubin was touched and told me to leave the film so his engineers could look at it and see if anything could be done. He said, "Go back to New York and come back in a few days." But I said, "No, I'll wait here."

So, I never left Philadelphia. And in a few days he told me they had discovered what was wrong and could correct it.

The trouble was that the perforations, or sprocket holes, on the film did not fit the sprockets of the projection machine—either Cecil had been unaware of this or there had been some sabotage by the film trust in the laboratory. Mr. Lubin's people made new perforations

for the film and everything went beautifully.

This was the turning point. From despair and ruin staring us in the face, we were now able to look ahead with confidence.

At considerable expense we sent out new prints to replace those with the bad perforations and acquired a valuable reputation with the theater owners.

Mr. Goldwyn, you are what is known as an "independent" producer—probably the only true independent in the entire industry, because I understand you finance your own pictures completely. Have you been that throughout your entire career?

Not quite—but I have been that for the last 45 years.

When were you not an independent?

In 1916, we merged our original company with Adolph Zukor's Famous Players Co. and became the Famous Players-Lasky Co., which later became Paramount. However, I remained with that company only a short while. Then I left and formed the Goldwyn Co., into which I brought the Du Ponts and the Chase Bank and which became a publicly held stock company.

However, I found myself spending more time explaining things to the board of directors than in making pictures, which I really loved. I was not happy with that. In 1921, the Loew Co., which owned many theaters and a small producing company, the Metro Co., decided it would like to merge Metro with the Goldwyn Co.

I had had enough of boards of directors and decided not to go along with the merger, and went out on my own. Loew's then added Louis Mayer's small producing company and called it Metro-Goldwyn-Mayer.

That was 45 years ago, but ever since that time I have been entirely on my own as a completely independent producer, responsible to no one but myself and the audience.

Mr. Goldwyn, it has been said that no picture of yours has ever been censored in any way. Is that true?

Yes. I have always been my own censor. I wouldn't even begin a picture that would offend good taste because I believe motion pictures should be the kind of entertainment where a man can bring his entire family to the theater.

What about the emphasis on sex in pictures today?

Sex is a part of life and it is a part of motion pictures, too, if it is

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North Carolina

kept in proper proportion and not thrown into a picture just to try to draw the public in at the box office.

I have seen cycles of sex pictures come and go many times in the years I have been making pictures, but the fact is that that is not the backbone or the foundation of our industry.

Take some of the biggest successes of today—in fact of all motion picture history—"Sound of

Music," "My Fair Lady," "Mary Poppins"—you would not call those sex pictures, would you?

I have found that the public will stand for just so much of sex pictures and then they lose their appeal and disappear for quite a while.

Let me go off on a tangent, but one closely related to motion pictures—television. Has TV cut deeply into motion pictures?

In a way it has and, in another way, it has been very helpful. Certainly TV has cut deeply into the motion picture audience for bad or mediocre pictures—and I suppose we would have still greater audiences for even the best pictures if people did not have television to entertain them at home.

But at the same time the competition has made motion picture people work harder, and I am sure is responsible in considerable degree for the high quality of many feature pictures being produced today.

What do you think about television itself?

I think it's one of the greatest things that has come along in my lifetime. I don't go with the people who are always criticizing the programs and saying TV is just a great big bore. It is nothing of the sort.

Now, mind you, please don't get the impression that I think all television programming is wonderful. There are many shows that go on week after week that are mediocre or worse. But you don't have to look at those if you don't want to, and, on the other hand, there are many programs that go on week after week that are consistently good.

In addition, there are some fields like on-the-spot news coverage, sports, public events, the nationwide reports of public figures through programs like "Meet the Press," "Face the Nation," etc., in which television is superb.

Do you think the quality of television programming could be improved?

Anything can be improved. Every time I look at one of my own pictures, I always feel I could have done better. And the fact is that television has been improving quite consistently year by year.

Don't forget that we must have commercial success as well as art in entertainment if that particular form of entertainment is going to continue. Unless you have both, you are unsuccessful. I think television has made great progress in both aspects.

What do you see in the future for television?

The future is so great I can't even describe it, let alone comprehend how far it can go. Just think of that "whirly-bird"—that satellite up there—relaying television programs all over the world. If that can happen in the really few years that TV has been with us, there is just no

Sam Goldwyn, the perfectionist, obviously is dissatisfied with the performance of ballerina Jeanmaire in this candid, behind-the-scenes shot during the filming of one of the Goldwyn greats, "Hans Christian Andersen." Choreographer Roland Petit looks on. It will be shown for the first time on ABC-TV this month.



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LESSONS OF LEADERSHIP *continued*

telling what the future holds. Along another line—look at the way motion pictures are becoming the most popular programs on television. Playing in prime time—the best viewing hours of the night—something no one thought possible just a few years ago.

I do not want to talk about my own pictures but I cannot help telling you that they called me from Pittsburgh after running "Wuthering Heights" on television to tell me it had a 72 per cent share of the audience—unheard of for a picture up to then. That illustrates how wide an audience a good picture can attract on TV.

I am not only extremely optimistic but most excited about the possibilities and the future of television.

Why did you keep your pictures off television for so long?

I believe that one of the keys to success—one of the qualities of leadership that this series of interviews has been about—is the ability to look a reasonable distance ahead into the future. It is to be concerned not with what is the situation today or what it is going to be tomorrow, but what is going to happen day after tomorrow.

Now, believe me, I have not always had that foresight. I have been wrong about the future about as many times as the next fellow.

But when everyone was selling their pictures to television in the mid and late '50's and early '60's, I felt the day would come when there would be a much greater audience for feature pictures on TV than existed at that time. So I waited, for two reasons.

First, I wanted to make sure that the public really would accept good pictures on TV with the same enthusiasm they had received them in the theater. Second, I knew that if they did, my pictures would command their true value in the TV market and not go at bargain-counter prices.

Are you making any pictures for television?

No, not yet, anyway. I want to see what is going to develop along these lines.

The fact is, though, that I am getting more letters from all over the country from people who see my pictures on television than I ever received when the pictures were in theaters. I have been amazed at



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Naturally, sheer practicality will be of prime importance in choosing which fleet car will represent your company this year. So we'd like you to consider the clean lines of that Pontiac Catalina above and note that they are uncluttered by the appearance of windshield wipers. Hardly a practical consideration, you say? Then consider this:

Styling innovations such as concealed wipers are an important reason why Catalina consistently has one of the highest resale values of any car in its class. Add the fact that you can buy a Catalina—with that distinctive styling, big-car wheelbase and a 265-hp *regular* gas V-8—for the

same money as the so-called low-priced three, and you have two very practical reasons why Catalina looks so good on the balance sheet.

Of course, there's no way of measuring the lift Catalina would give to your company's image. Or to your salesmen's morale. Except, perhaps, in sales. But hadn't you better contact our Fleet Sales Department, Pontiac Motor Division, Pontiac, Michigan, for all the facts? Whether you're buying cars for your fleet or for leasing purposes, it could be the most shrewdly practical move you'll make this year.



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LESSONS OF LEADERSHIP *continued*

this tremendous response and it just goes to show the widespread appeal of good feature pictures.

Well, let's get back to feature pictures for the theaters. Do you have any plans along those lines?

I have found it good policy not to talk about future plans because often you find somebody thinks it is a fine idea and jumps in ahead of you.

But I can say I still have the same enthusiasm about picture making that I had 55 years ago.

You are noted for that kind of enthusiasm. How important do you think that has been to your success?

Enthusiasm for what you are doing is, I think, the key to success in any field. I know that in picturemaking you have to have enthusiasm, love and affection and excitement about the picture you are making. It has to be the most important thing in the world to you at the time. That is why I have always made my pictures one at a time.

The same thing is true in any field.

If a young man is going to get ahead, if he is going to reach the top, he must be all wrapped up in what he is doing. He has to give his job—whatever it is—not only his talent but every bit of his enthusiasm and devotion.

Ten years ago in *This Week* magazine I wrote a piece which has just been reprinted in the book, "The

Best of Words to Live By." Part of what I said was:

"No person who is enthusiastic about his work has anything to fear from life.

"All the opportunities in the world—and they are as plentiful today as ever despite what some people say—are waiting to be grasped by the people who are in love with what they are doing. . . .

"I have found enthusiasm for work and life to be the most precious ingredient in any recipe for successful living. And the greatest feature of this ingredient is that it is available to everyone—within himself."

How do you manage it at 84?

Because I love what I am doing. I am at my office every day—usually at 9 o'clock or so. I often start a day's work a couple of hours before that on the phone to New York. I believe in setting an example for my people.

If you want to lead, you must show your ability to lead.

I have an organization of which I am very proud. For example, the sound department at my studio does the work not only for all the pictures filmed at my studio, but for pictures that have been filmed at practically every studio in Hollywood as well as abroad. My executives—and it's a small staff—are men who know their work thoroughly and to whom motion pictures represents a career, not just a way of making a living.

If I felt I could not set them all a good example, I would step down. And, believe me, I am not ready for that yet—or for a long, long time to come.

Well, if that's the case, is there one last thing you would like to say in this interview, Mr. Goldwyn?

Only that I still like to look forward instead of backward and, if I may say so, I think that is the chief function of leadership. Learn from the past—but always look to what can be accomplished in the future.

END

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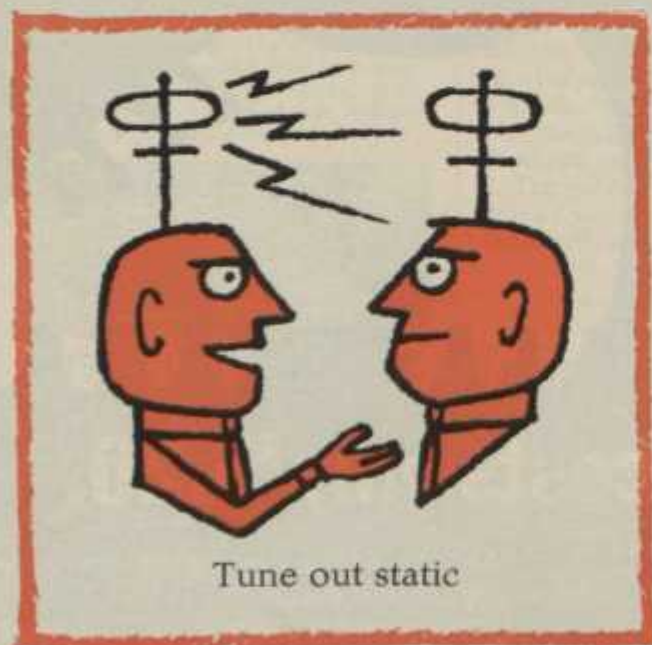
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How to get through to people

Here are experience-tested techniques that will make you a more powerful communicator



ROBERT E. LEVINSON, the author, is executive vice president and general manager of Steelcraft Manufacturing Co. His experience ranges from manufacturing and sales to distribution and foreign trade. His articles have appeared in leading publications. This article is taken from a forthcoming book, "The Knack of Developing and Using Management Savvy."

Seventy per cent of a manager's time is spent communicating.

This is a fact of business life. Through good communications, problems are solved, decisions made, profit goals attained.

The question is this? How can you communicate—that is translate—your ideas swiftly and efficiently into profitable action? Here are five tested techniques.

Rule No. 1: Make it brief. Don't beat around the bush. Get right to the point. You'll get your message across faster and with much more impact.

Brevity is the art of condensing words and thoughts. It's the art of boiling down a problem or a situation from two or three paragraphs to two or three sentences. This applies to all kinds of communications—written or spoken. Brevity saves time, aids clarity and heightens interest. Here's an example:

A key distributor of ours wrote us a letter. He wanted to run a color ad in a magazine, and the cover of our catalog appealed to him. Were the printer's plates available? Could the cover be adapted in some way to his purpose?

An assistant of mine dictated a two-page reply. He explained in detail the complications that would be involved if we complied with the distributor's request. The catalog cover was an offset printing job. There were problems involving the paper, the equipment, the plates, the reduction process and a dozen other things. Because of the expense it wouldn't be practical to tackle the job.

Are you paying full-time for part-time dollars?

Probably, and reluctantly, yes. On a typical unsecured short-term loan, your company pays interest on the full amount for the full duration. Yet you can usually use only 80% of the dollars . . . and may actually use, on a daily average, closer to 50%. Then your per annum interest rate is twice what it seems to be.

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HOW TO GET THROUGH TO PEOPLE *continued*

After spending more than two hours on the letter, my assistant showed it to me. I skimmed down the two pages.

"I can see you went out of your way to get the answer just right," I observed, "because this distributor is so important to us."

"But he's also a very busy man."

I reached for a yellow pad, and hastily penned these lines:

Dear George:

We are flattered by your comments about our catalog cover, and we appreciate your interest. But frankly, there would be so many complications involved in trying to reproduce it for your purposes that we feel the cost would be prohibitive. I hope we can be of more service next time.

Sincerely,
Bob

When you next sit down to write a letter, keep the words of Dr. Samuel Johnson in mind: "A man who uses a great many words to express his meaning is like a bad marksman who, instead of aiming a single stone at an object, takes up a handful and throws it in hopes he may hit."

The same rule—brevity—applies to oral communications.

The other day one of my people came to me with a delivery problem. "This customer called," he began. Then he went on to tell me that the customer needed a special shipment because of a last minute change in his building schedule, that the

customer realized he had ordered the frames too late, that he hated to inconvenience us and so on.

At that point I stopped him.

"Look," I said, "what's the problem?"

He frowned. Then he gave me the gist of the problem in one sentence that took less than half a minute. I have him his answer in about eight words. And that was that.

There are usually many whys and wherefores tied to any situation. Sometimes you need lots of details to make a decision. More often, you don't.

Summarize first. Boil down the problem to a sentence or two. If you must have details, they can come later.

A manager should train his employees to think this way when they work with problems. He should teach them to pull out the essence and to focus on the action that is required. Memos are a good place to start applying this rule. Too many ramble on and on.

I insist on two things in every memo I issue, and every one I am given to read. First, at the start of the memo, I require the main theme to be summed up in a sentence or two. Next, at the end of the memo, I require the word ACTION, followed by the action itself spelled out in simple language.

Here's what this accomplishes. It disciplines the writer to keep his thoughts in sharp focus. And it enables me to avoid reading half the memos I receive—maybe more. By glancing at ACTION, I usually find out all I need to know. If not, chances are the summary will tell me.

Try this with your people. It will conserve precious minutes of management time. And it will help translate your thoughts into profitable action a great deal faster.

Rule No. 2: Tune out the static.

Two people are engaged in conversation. Anything



Boil it down

Buy your next fleet car for Ann Palmer.



You've never heard of Ann Palmer.

She's a fleet buyer, too. A very real, vivacious person who gets more satisfaction from her used '63 Plymouth fleet car than a salesman with a bonus.

But that's the way it is when you get to know Plymouth. Take our longer, more elegant '67 Fury, below.

Doesn't that come off as a man's best traveling companion? Of course, looks aren't everything, but '67 Fury's are really something. All-new all around. Bigger with nearly four inches more length. But the beauty of it all you can see in the picture. What's not shown are Fury's inner assets.

The biggest standard V-8 in its price class.

A new Safe/Flight instrument panel you'll never call a dashboard.

What happens to fleet cars when you're through with them? People like Ann Palmer buy them for personal use. (A photographer, Ann is also a board member of the county hospital.) Ann's used fleet Plymouth? A '63! "And it's still like new. A heck of a good car."

Miniaturized non-glare floodlights (yes, floodlights) that spot gauges and controls. And the controls are a new toggle and roller type, neatly recessed.

Interior colors and upholstery? A brilliant new selection! Together with exterior paint combinations, you have a list that'll catch the fancy of any fleetman.

We're ready to show you that list and one that lets you judge all the safety, performance, economy and convenience features of Plymouth Fury '67. Better yet, let a new Fury speak for itself... from your nearby Plymouth dealer.

A phone call will bring the facts and figures to your desk, a fresh new Fury to your door. You'll find out quick, Plymouth is out to win you over this year.



Fury III 2 dr. Hardtop

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Hold stand-up meetings

HOW TO GET THROUGH TO PEOPLE *continued*

coming between them that does not relate to the subject at hand detracts from the effectiveness of the communication. Madison Avenue refers to this as "static."

Static takes many forms. The more obvious distractions—strange sounds, other people's conversation, telephone interruptions and the like—don't warrant consideration here. Needless to say, these should be minimized.

Another kind of static is caused by thoughtlessness, lack of courtesy. For example, you're talking to someone and his attention wanders.

Getting on the wave length

But what merits your special attention is the kind of static that is present when one part of the communicating team—and good communications is a team effort—is uncomfortable, self-conscious, ill at ease.

Some time ago a key job opened up in our company and I decided to interview one of our plant employees for it. I knew this man's record. I had talked to other managers about him. I was half sold in advance that he was the right man for the job. But there was some more information I had to get. So I asked him to come to my office.

Now the moment he walked through that door I could sense his nervousness. And it was understandable. He knew the score. This was his big chance. He was worried about blowing it.

It was a problem for me, too. I had an important decision to make. If he blew the opportunity because he wasn't qualified to fill it, this was something neither of us could help. But if he blew it because he was too nervous to be at his best, it was something that would hurt both of us and the company. I

had no intention of letting this happen. To put him at ease, I offered him a cigarette. After we both lit up, I took a photo out of my desk drawer and showed it to him. There was nothing especially significant about it, except that it was a very good snapshot, and this man was an amateur photographer. Within two minutes we were engaged in an interesting discussion about photography. Within five minutes his nervousness was gone.

The static—in this case his nervousness—was tuned out.

Then we were able to communicate.

Often, to tune out static, or to set a proper mood, you have to play a role. Every good manager is a good actor. He adjusts to his surroundings, to the people he is with, to the subject under discussion. You play one part when you talk to a man in the shop. You play another when you talk to an assistant, a customer, a salesman in the field.

This doesn't mean you should ever commit the cardinal sin of talking down to people. Or acting unnatural. Or pretending to be what you're not. The point is this: A good manager is a little bit of everything that goes into management. He is part salesman, part production man, part public relations man, part human relations counselor. The trick is to wear the proper hat at the proper time.

Taking the prospect's pulse

How do you make sure that you are communicating—getting through—to others? One good rule is to watch the other person's reaction.

Horace Mann referred to the face as "the artless index of the mind."

Watching a person's face is an obvious but effective way of taking his pulse, of gauging his reaction.

Let me give you an example of what I mean.

A friend of mine owns a chain of shirt shops. He is one of the most successful men—and one of the best salesmen—I know. One time he visited one of his stores in Cincinnati. Standing in the background, he observed his salesman talking to a customer. The customer was well dressed. He had class written all over him. He was interested in some fine custom shirts. Every other phrase out of the salesman's mouth was an obsequious "Yes, sir." He did all but salaam.

After the customer left, my friend gave the salesman a valuable lesson in salesmanship and in communications.

"Look," he said, "you're not a servant. You're an authority on shirts, an expert in your field. That's why the customer came to see you, and that's what he wanted you to prove to him."

My friend is trained to gauge the other person's reactions and respond accordingly. He is a cracker-jack salesman, and this, actually, is at the root of good salesmanship—taking your prospect's pulse and responding in a way that will spark his enthusiasm, motivate his confidence and trust.

My friend had been sharp enough to spot what the salesman had missed completely. Maybe it was in the curl of the customer's lips, a flicker of annoyance in his eyes. But what my friend spotted was his loss of respect because of the exaggeratedly defer-



How Geo. Morgan's car gave a lift to millions of Americans

George Morgan, a shipbuilder at the San Francisco Bay Naval Shipyard in Vallejo, Calif., has been in love with automobiles all his life, and a few years ago he set his heart on owning an antique Rolls Royce.

He started saving his money with U.S. Savings Bonds. And last year he cashed some of them to buy his "Rolls"—a 1926 model which, with patience, a few new parts and a few extra Bonds, he restored to look like brand new.

While Mr. Morgan was saving for his own special dream, his dollars were "giving a lift" to millions of Americans in many ways by providing Uncle Sam with economic strength.

Today, Savings Bonds are one sure way open to *all* Americans to support our men in Vietnam.

None of us can remain aloof on the sidelines. Start buying U.S. Savings Bonds today where you work or bank.



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HOW TO GET THROUGH TO PEOPLE *continued*

ential treatment. The salesman had made a mistake that is quite common to the unskilled communicator.

He had failed to take his audience's pulse, and respond accordingly.

Rule No. 3: Make the most of your mail.

Whoever said opportunity knocks only once wasn't talking about the mail. Scarcely a day passes that I'm not able to pick four or five profit plums out of the morning correspondence.

A brochure comes in from a supplier. "What can this new product do for us?" I ask myself. "Can it improve systems, boost production, cut costs?"

An inquiry arrives from an unknown company. Could this mean potential business, a new contact?

A letter is received from a job applicant. Could we use this man to make our operation more profitable?

I find profit opportunities in my morning mail because I look for them. I know they are there. Moreover, I have trained myself to relate whatever comes to my attention during the course of the day to our company's profit goals.

And I can tell you this. The manager who adopts this philosophy is choosing the fastest possible path to the top.

What steps can you take to make the most of your mail? How can you train your people to do the same? The trick is to create profit awareness in yourself, and to keep it stirred up in others.

A young manager came to me recently with a letter he had received. He wanted clarification on some point.

I took one look at the letter and saw that it was signed by the district sales manager of a hardware manufacturing company. It was a request for information about our fire doors and frames.



"Charley," I asked, "what was the first thing that struck you when you read this letter?"

He frowned. "I don't know. I wanted to give the man the information he is looking for."

"Pretty routine, would you say?"

"Well, I guess so," he said suspiciously.

"Okay, Charley," I said, "here's the point I'm trying to make. This letter is from a hardware manufacturing company, and as you know, hardware has a special meaning for us.

"Some of our most profitable working arrangements are with hardware companies.

"Also, the letter is signed by a district sales manager. He is obviously interested in our products. How many other district managers are there in this company? Could they be interested too?"

"What about the sales manager? And the general manager?"

Charley nodded. He was beginning to see the light.

The main idea is this. We are all creatures of habit. Why not make profit-directed thought a habit too?

If you do, it will cause you to read your mail in a new light. You will be able to spot a profit opportunity when you see one. Like the letter Charley brought in.

"This letter is anything but routine," I told him. "It deserves very special treatment. A personal long-distance call, perhaps. A reply that is signed by a top executive of the company. Follow-up action to make sure that this profit opportunity is milked to its full potential.

"The idea, when you spot a profit opportunity, is to make a big deal out of it."

A magazine writer once asked a top business leader: "What do you consider to be the main ingredient of success?"

"It's being conditioned to jump at every opportunity."

"But how can you be sure an opportunity exists?"

"You can't," the executive replied. "The idea is to keep jumping."

Your morning mail is a good place to start.

Rule No. 4: Use meetings to spark decisions.

In my view the meeting is a powerful communications tool.

There's much talk these days about the value of individual thought as opposed to group thought. You probably heard the old saw about the camel being nothing more than a horse designed by a committee. And the claim that the reason the Ten Commandments are so short and to the point is that no meeting was held to formulate them.

Well, I think there's another side to the coin.

Are meetings necessary? In our company we think they are.

The main reason we get so much value out of meetings is that we don't permit them to deteriorate into a meaningless routine.

Every meeting we hold must have a specific purpose—and begin with a statement of that purpose.

It then becomes the leader's job to keep the group zeroed in on that purpose at all times.

I remember one of our meetings a while back. We

Stamp out stamps

Or you'll have stamp trouble.

Stamp trouble is when you buy the amount of stamps you think you need and it turns out you need more. Or it turns out you have oddball stamps left over so you put two fives on an 8 cent letter.

You don't have to have stamp trouble. You can print your own postage with a little Pitney-Bowes postage meter.

Here's how: You set the lever for the amount of postage you want. Then you put the envelope into the slot. You turn the handle. You get a stamped, sealed ready-to-mail envelope. (Incidentally, all this happens faster

than it takes to tell you about it.)

That's how postage comes out of a postage meter. Postage goes in a postage meter when you take the detachable meter to the post office. They'll set the register for the amount of postage you want to buy.

A postage meter won't let you run out of postage because the register on top tells how much you have left. Postage meters put a cancelled and dated postmark on every envelope. This means that post offices can handle metered mail faster than the other kind. So metered mail often goes faster at that end too.

Besides, think of your tongue.



Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Imprinters, Scales, Mail-openers. For information, write Pitney-Bowes, Inc., 1399 Pacific St., Stamford, Conn. 06904.

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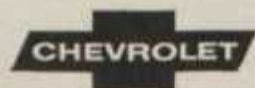
Chevrolet's Camaro is here—every inch all new. Convertible and hardtop tailored to your taste: Camaro, Camaro Rally Sport, Camaro SS 350—in a total of 24 different exterior/interior very choice choices. Forceful profile. Long, low hood. Short rear deck. Wide-stance design. A 140-hp Six or big-car V8s you order from 210 hp on up. Manual or automatic shifting. Strato-bucket seats standard; front Strato-back seat with center armrest and fold-down rear seat on order. All the new standard safety features including the new GM-developed energy-absorbing steering column. And a whole lot more. Only problem renting Camaro is having enough to go around.



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company cars,
the No. 1 company car
just got a lot newer:
1967 CHEVROLET**

Fleet cars just don't look like fleet cars when the model year is 1967 and the name is Chevrolet. Most everything you see and feel is new. New swept-back look for sport coupes. New built-in features for added safety, like dual master cylinder brake system with warning light. Front disc brakes on order. New smoother ride. New interior smartness. V8 choices, plus thrifty Sixes. Luxuries you can add—like Stereo tape and Comfortron automatic heating and air conditioning. But: same meticulous Body by Fisher coachwork. Same popularity with the guys who drive them. Same low-maintenance and upkeep features. Same wide-choice of models in Caprice and Impala, Bel Air and Biscayne. And, same Chevrolet worth come time to sell.

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very big on choice
for your fleet.**





1967 Camaro Sport Coupe



1967 Impala Sport Coupe



**"I don't care if it peels potatoes!
I don't want to hear about
another copying machine!"**



Perfectly understandable. Every time you open a magazine, you see still another ad for still another copier. Which makes it tough when you have something really unusual to talk about.

Like Mr. Bruning's new 2100, the most versatile console copier yet. Look what it can do:

It copies up to 11 x 17-inch originals—that's two facing pages in most magazines. Good, sharp quality copies.

It copies bound documents up to 3½ inches thick.

It has a continuous copying selector for more than 10 copies.

It has a manual feed for copying odd sizes like 9 x 14.

It makes offset masters and translucent diazo masters up to 11 x 17 inches from clipped and stapled papers, computer printout, etc.

It does not peel potatoes.

If this sounds like the 2100 should be working for you, give your Bruning man a call.

You'll find him listed under Bruning or Addressograph Multigraph in the telephone directories of 155 major cities. Or write Department A, Mt. Prospect, Illinois.

I only have eyes for Bruning



Bruning
Division of Addressograph Multigraph Corp.

HOW TO GET THROUGH TO PEOPLE *continued*

were coming out with a new door line at the time. The purpose of the meeting was to develop a plan for handling the component parts involved. The meeting was on course, and we were making good progress.

Then somebody mentioned a part in the new line that was made out of a certain kind of steel. Somebody else wanted to know if a different kind of steel would do as well. From here the discussion got into sizes, suppliers and steel in general.

At this point, I stepped in.

"Hold on, fellows," I said. "This subject is great. It's important, and it's something we should talk about. But not here and now. The problem now concerns the parts in the new line. Why don't you make a note, and we'll pick this up again at another time?"

Running a meeting is like guiding a missile. You have to keep steering it all the time.

The ultimate goal of a good meeting is action. The idea is to come to a firm decision, and a firm definition of who is going to be responsible for what.

One technique can be used with great effect. Have the person who is most affected by the decision wind up the meeting by stating the proposed action in his own words, and in front of everyone else. This puts him on record. It commits him personally to carrying out the action decided on.

At this point the meeting should be quickly adjourned.

It ends on a high note, and everyone leaves, satisfied that the purpose was accomplished.

Adding spice to meetings

At Steelcraft, our aim is to throw variety into our meetings. As an example, we don't always announce them in advance. Word of an unannounced meeting immediately triggers interest and excitement. People want to know what's up? What is it all about? The impromptu meeting also serves as a powerful development tool. It trains people to think on their feet. It sharpens their persuasive powers.

Rule No. 5: Test your literature on the firing line.

"The idiots!"

How many times have you hurled this invective at a company because its catalog was fuzzy? Or its brochure didn't tell you what you needed to know? Or a set of assembly instructions struck you as senseless and confusing?

Many companies produce top quality products, but then blow the game by failing to communicate effectively to the most important audience of all—the customer and the prospect.

Too much promotional and instructional literature is dreamed up in offices by engineers and advertising men. And not enough is subjected to the firing-line test.

Just what is the firing-line test? The answer is simple. It's a matter of making sure that your message will be understood by the person—the merchant

or housewife—who must read it and act on it. Our advertising and engineering departments once got out a set of instructions for installing doorframes. They wrote some copy, and had the artist draw some cartoons. When they were done, they were happy with the result.

"This is great," they said, "a kid of 12 could install a frame from these instructions."

A friend of mine, the head of a plastics company, was in the office when they showed me the literature.

"Tom," I said, "do me a favor. Here's a set of instructions. See if you can put a frame together."

Tom took the instructions, and the doorframe parts. He did much head-scratching, but little assembling. I called in one of the accountants and gave him the same chore to do. He was all thumbs, too.

"Let's go down to the shop," I said. I went to our master carpenter. Without giving him the instructions, I said, "Jim, install a doorframe for us."

Jim put the frame together methodically and efficiently, a step at a time. I turned to the advertising writers and the engineers.

"There. That's the way to install a doorframe. Get that into your copy and cartoons."

As one of today's top politicians says, "I learned more about economics from one South Dakota dust storm than I did in all my years in college."

Don't tell about your product or service from an ivory tower. Get down to real cases in real surroundings.

Try these five time-tested ways to put your thoughts into profit-directed action. You'll find they pay off.

END

REPRINTS of "How to Get Through to People" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from Nation's Business, 1615 H St., N. W., Washington, D. C. 20006. Please enclose remittance with order.



Aim at specific audience

WORLD BUSINESS: WHAT TO EXPECT

Special quarterly report
for Nation's Business by
the respected Economist
Intelligence Unit, London

The Common Market: 10-year forecast and review

Though the Common Market has failed to live up to the expectations of those who saw it as the steppingstone to a United States of Europe, it has:

- Survived some agonizing internal strains.
- Brought about an unprecedented advance in the wealth and industrial progress of Western Europe.
- Completed the timetable for the establishment of an industrial and agricultural free trade area on schedule.

What is the outlook for its next decade?

Despite its tendency to hang dangerously over cliffs, the Common Market is here to stay. Each of the six member countries has too great a vested interest in its survival to allow it to break up.

What has been achieved will not be unscrambled. The speeded-up timetable for creating one united market will be stuck to. In less than two years' time there will be no tariffs at all to hinder trade between France, West Germany, Italy and the Low countries.

It can be safely predicted, too, that:

- The EEC nations will go on expanding their output at a fast rate. Some easing down in the next year or so, yes, but we'll be surprised if an average growth rate of four to five per cent a year is not maintained up to 1970 and beyond.
- Aided by the tariff cuts that are expected from the partially successful Kennedy round, American manufacturers should manage to push their share up steadily of this

swelling import market. Food exporters will not come off so well.

- Progress on other fronts cannot be spectacular before the '70's. The market will be widened, but the union can hardly be deepened.
- Six of the seven members of the European Free Trade Association (leaving out Portugal) will be tucked inside the Common Market before another 10 years are up, however problematical it looks at present. But the process of doing so will be an exhausting one.

The time and energy spent on this will leave little left over for building a tighter union—and perhaps that's as well since the will for a closer federation is plainly not present throughout the EEC, let alone in Britain, Scandinavia, Switzerland and Austria.

Even so, by the time the Common Market becomes 12 it will encompass more than 270 million people. And the basis for a new partnership of equals between the countries on either side of the North Atlantic will have been firmly laid at last, and Western Europe will feel strong enough to take on the industries of North America in fair and equal competition.

How it all began —10 years ago

As the tenth anniversary of the Treaty of Rome looms—it was signed in March, 1957—the record of the European Common Market looks a bittersweet amalgam of achievement and disillusion.

Europe's industrialists saw the

new creation in terms of a mass market, as big as the U.S.A. if you counted heads. Not as well off as the U. S.—yet. But with a home base of 180 million, they reckoned they could stand up to the large-scale, science-based industries across the Atlantic, or to most of them; they could raise living standards at least as fast as in America, probably faster; and they could compete eventually on equal terms with the U. S. giants in world markets.

Some politicians wanted more than this. They aimed at a United States of Europe, a political as well as economic federation. They had their objectives written into the Rome Treaty, even though only in general terms, and a "European momentum" was built up.

The U. S. Administrations, then and since, saw the strength and stability that a federalized Western Europe could give to the world. U. S., therefore, provided all the encouragement it could to create the greatest and closest industrial competitor the U. S. had encountered since it took the world's first place in economic power.

Ten years later how powerful has the Common Market's challenge become?

The Common Market scores big gains

The Rome Treaty's timetable for tariff changes is being beaten by years as far as industrial goods are concerned. The treaty allowed 12 to 15 years for the elimination of tariffs between member countries; the last tariffs will now disappear on July 1, 1968, nine and a half years after the process started.

From that date industries throughout the Common Market will operate as if they belonged to a single

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5 cents is 4 cents too much
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56-11

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national trading area. By 1980 the population of the six EEC member states should have grown to 200 million. Average income per person in 1964 amounted to \$1,081, compared with \$1,375 for the United Kingdom and \$2,700 for the United States. By that time gross domestic product amounted to \$274 billion, still only two fifths of the U. S. total but overhauling it steadily.

In the eight years since the Common Market actually began operating, its gross product has advanced by 39 per cent; in the same period the U.S. could mark up only a 29 per cent gain.

And this growth has been founded substantially on foreign trade. The member countries' foreign trade has almost doubled in eight years, growing faster than that of any other country or group of countries in the world. Performance has certainly matched hopes here.

Inevitably, internal EEC trade has expanded most, but exchanges with outside countries have kept pace with world trade development generally.

The record so far justifies the

confidence of U. S. business. Its share of the Common Market's swelling but still well protected import market has been steadily growing. Since 1955 U. S. sales to the EEC have multiplied two and one half times and are now running at an annual rate of \$5.5 billion, though next year there will be some braking as expansion in the EEC decelerates.

High farm tariffs will hurt U.S. imports

There was always supposed to be a common market in agriculture as well as industry. But agriculture proved to be a hard nut to crack.

In some member countries a high proportion of the labor force still lives on the land—25 per cent in Italy, 19 per cent in France, and 11 per cent even in highly industrialized West Germany. Most farms are small; most prices correspondingly high. More significant still, France has large surpluses to dispose of, and it was one of the conditions which the French managed to attach to their membership that

their partners should gradually assume responsibility for the cost of disposing of these surpluses at world prices.

A complex system of price supports has finally—in fact, last summer—been worked out to enable all six countries to operate from identical price levels. The system will come into full operation in 1968. Then any member country will be free to buy its foodstuffs where it wants to.

But if it buys from an outside country—the United States, for instance—it must impose a levy to bring the price of the imported food up to the agreed internal price level.

No one was surprised that the common price levels finally agreed are, for the most part, high—far higher than world market prices. It follows that internal production, particularly of cereals, is bound to be encouraged, and imports of foodstuffs from outside will decline.

Other road blocks to freer trade

It is not only in agriculture that the Common Market's progress has been held back. Although no specific time scale was laid down in the Rome Treaty, it was assumed that by this stage in the EEC's development many refinements would have been added to the basic structure of industrial and agricultural free trade—a common transport policy, for example, enabling freight haulers to operate indiscriminately across frontiers; a common external commercial policy; and at least something approaching a common monetary policy.

None of this has happened. The common transport policy has not developed beyond the drafting of a code of road safety rules—and even this has not yet been accepted. It has turned out to be impossible to get the individual member governments to agree on integrated policies towards such matters as imports of fuels.

The Germans and the Belgians, with extensive and old-fashioned coal fields, are still at loggerheads with the Dutch and the Italians, who want to import cheap coal from the United States and, in Italy's case, large quantities of oil from the Soviet Union.

And all the other five EEC mem-

EEC, looking to future, erects new, 12-story building in Brussels to house 5,500 officials and be tied by rail to all EEC capitals.

PHOTO: EEC



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Yes, it's here! The World's smallest precision adding machine—beautifully made in gleaming brass.

Here from Germany—ADDIATOR in burnished high precision brass not to be compared with any device or gadget at any price that claims to do the same job.

Here from ADDIATOR, original and biggest manufacturer in the world of pocket adding machines.

An astonishing precision machine that saves you endless hours of mental work every year—cuts out costly mistakes—lets you check bills, catch errors, add up your budget, keep scores and perform 1,001 other adding and subtracting chores—all in a matter of seconds and without a single mental effort on your part.

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used all over Europe, by Pan American Airways, American Express and by millions of people like you in 93 countries.

From all over come reports of nerve-racking additions of long columns becoming easy as a game—of the speed—the sureness—the simplicity of ADDIATOR! Think what this means to you. Now at last you can check everything you buy—every bill—every statement—and never lose a penny because of mistakes. You can add up your budget—check your children's school work—add up checks—inventories—records of car mileage—expenses—keep track of what you spend each day—yes, do 1,001 everyday adding and subtracting jobs.

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Amazing ADDIATOR DELUXE is constructed entirely of gleaming burnished high precision brass and aluminum. It lasts a lifetime. Even the numbers are etched in by a special process to be super clear and readable for life. A super lubricant you need never renew smooths the silent operation of the moving parts. Best of all, even a child can add or subtract up to 1,000,000 without a mistake.

ADDIATOR DELUXE Is In Short Supply

All that amazing burnished brass ADDIATOR DELUXE cost when introduced was \$5.98. That's because it is made in West Germany. And since then a West German manufacturing miracle has even slashed this low price 1/3 more to an incredible \$3.98. Yet it is guaranteed by the world's largest maker to be as accurate as costly office adding machines. But the price is so incredibly low, the quality so astonishing high that supplies in this country are very limited. Only if you act at once can we guarantee to fill your order of ADDIATOR DELUXE pictured above. This no-risk offer may not be repeated in this magazine this year. To get your burnished brass high precision adding machine for yourself or for a gift, mail the amazing trial coupon today.

AMAZING TRIAL OFFER

Stop being a slave to figures. Avoid costly mistakes being too lazy to check bills and statements. Try amazing gleaming high precision brass ADDIATOR yourself.

See for yourself how this gleaming burnished brass ADDIATOR DELUXE adds up your bills in seconds—totals your grocery bills like lightning—checks your bank statement in nothing flat—figures up your mileage—does 1,001 adding and subtracting jobs for you and never makes a mistake.

Use it to check bridge, canasta and other scores. Let your children check their homework in seconds. Put high precision ADDIATOR DELUXE TO EVERY TEST. If you don't agree it will save you endless time and effort and money, you have used it free. It won't cost you a penny. Otherwise only \$3.98—one-third less than introductory price.

FLASH! A Tremendous Hit in Europe! New ADDIATOR Money Saving Wallet. Handy pad, beautiful pen, roomy money compartment—special compartment for stamps, notes, credit cards—amazingly slim. Your office in your pocket. Great for salesmen. Perfect for housewives. "Spanish Crush" long-lasting wallet is an attention-getter. See bargain below.

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WORLD BUSINESS: WHAT TO EXPECT *continued*

bers keep resisting French attempts to persuade them to provide markets for French-controlled oil from the Algerian Sahara.

Most serious of all, there has been negligible progress towards common monetary policies.

Another disappointment has been the slow progress towards industrial integration across the internal frontiers of the community. There have been a series of mergers between the French and Belgian glass manufacturers; but these had started before the Common Market came into operation.

There has been some integration between German and Dutch steel firms. Agfa and Gevaert, the German and Belgian photographic firms, have joined forces. There has been recurrent talk of a linkup between Michelin and Citroën of France and Fiat and Pirelli of Italy. But nothing has come of it.

Two reasons for this can be tracked down. The first is the absence of a body of Common Market company law. Secondly, despite the existence of anticartel legislation, gentlemen's agreements on market sharing seem to have taken the place of tariffs in many industries.

And when such agreements have failed to operate, as happened a few years back when the Italian re-

frigerator manufacturers began flooding the French market, the national governments usually intervene to protect the home industry.

On the other hand the anticartel department of the Common Market's executive commission has recently won an important test case against an "exclusive dealer" agreement between a German supplier and a French agent. This could herald a more vigorous drive against restraints on industrial competition.

It ought to. The Common Market's anticartel legislation falls far short of the U.S. antitrust laws or even the British Restrictive Trade Practices Act.

Otherwise the process of "rationalization" has proceeded swiftly within the member countries, but hardly at all across frontiers.

Behind all these disappointments for the Common Market's founding fathers lies a basic cleavage about the nature of the European community the EEC countries are trying to build.

The Treaty of Rome itself is a blueprint for a loose confederation of sovereign states. The supranational commission in Brussels is empowered to make proposals concerning the progress of integration. But it is the national governments which ultimately decide how far they go.

Touchy, nationalistic France has made it depressingly clear that it is not willing to march towards the tight union that the founders wanted (Gen. de Gaulle was not in office in 1957).

EEC—a closed club or an open door?

The EEC members are also at odds with each other over the community's relationship with the rest of the world. At one extreme stand the Dutch. They want a wide-open community, with the lowest possible tariffs and the widest possible membership. At the other extreme stand, again, the French.

Here again a working compromise has gradually been evolved. The French succeeded in excluding the British in 1963. But they have now abandoned the attempt to get their partners to agree to stringent rules to prevent the "colonization" of European industry by American investment.

Under French leadership the EEC has forced the United States to abandon all hope of securing a 50 per cent reduction in European and American tariffs in the Kennedy round. On the other hand, tariff cuts averaging 12 to 15 per cent, with some exceptions, are now on the cards—less than President Kennedy hoped for, but more than the previous Dillon round achieved. **END**

WHAT TO DO WHEN THE UNION KNOCKS *continued from page 45*

the company its good or bad image. The employee who senses that his line supervisor doesn't care, is apt to ask himself "So why should I?"

To strengthen the team spirit among supervisors, some firms hold stockholder-type meetings for them at which company policies and plans are reviewed. The meetings also afford a chance for management to re-emphasize how extremely disturbed it would be if a union took over the employees.

Organizers often capitalize on the businessman who procrastinates in carrying out his plans for installing a new pension plan, longer vacations, wage adjustments or improvements in a hospitalization insurance program. Once the union organizer moves in, employees may give all the thanks to the union when such plans are carried out.

The small businessman usually can't expect to give the best of every type of benefit to his employees. But, warns labor relations expert Carl A. Becker, New York City, you should not slip far behind your area pattern in any single wage or benefit department. Studying labor contracts of firms similar to yours will give you an idea of how well your pay package stacks up.

"One of the first things a union organizer will search for are any festering dissatisfactions among employees," says Gordon Sinclair, industrial relations director for National Distillers and Chemical Corp., Bridgeport, Conn. Too often the businessman, especially the small businessman, is so tied up in his daily business problems he fails to pay much attention to time-consuming employee relations projects.

But union leaders know the importance of a man's loyalty to his firm. They dare not attack management too acidly when they fear it will bring only resentment from employees who have always prided themselves in being part of the firm.

How is such loyalty achieved? A big part of loyalty is a sense of security, industrial psychologists say. Employees feel safer in their jobs when they know management gives them the facts about the company in general and any contemplated actions that will affect their jobs specifically.

Level with employees

Managers of a family-owned paper box firm in Buffalo, N.Y., recently were shocked to learn that the majority of their employees



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Losing sight of what others are doing often can be disastrous. So, whether you are a leader or a follower, it's good insurance to keep an eye on the parade. The best way to keep in touch is through your trade and professional associations. Join now.

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WHEN THE UNION KNOCKS *continued*

had voted to be represented by a union. Later it was discovered that union organizers had visited employees' homes and fed them "facts" about the firm.

"Since no part of the company's finances, production or sales had ever been published, the union invented figures out of whole cloth," Dr. Matthew Goodfellow, executive director of University Research Center, Inc., reported to the Buffalo Area Chamber of Commerce.

"For example, while the company earned about three per cent on sales, the union said it earned 13 per cent. While the company had some \$8 million in sales, the union inflated that to \$20 million. While the company's net profits (after taxes) were in the area of \$250,000, the union proclaimed that net profits were in the millions."

If the company had kept its employees informed on its problems and goals, at least in round numbers, it probably would have kept its nonunion status.

A familiar and accepted means of presenting your views to employees can be your best weapon when the union launches its campaign against you. If you wait until the campaign before establishing your communications system, the union will claim that its prodding caused management finally to take an interest in the employees.

Union organizers will be quick to ridicule the company president who in the midst of a campaign mails his first letter to the families of his employees. No matter how factual and sincere the letter may be, the organizer will make it look like the height of hypocrisy.

But a letter could be effective if employees' families are accustomed to getting mail from the head of the business. Many firms send quarterly reports to employees' homes along with reviews of company ventures.

Other means of communicating with employees include handbooks, newsletters, house organs, bulletin boards, intercom systems, posters, movies, closed circuit TV, speeches and small group meetings.

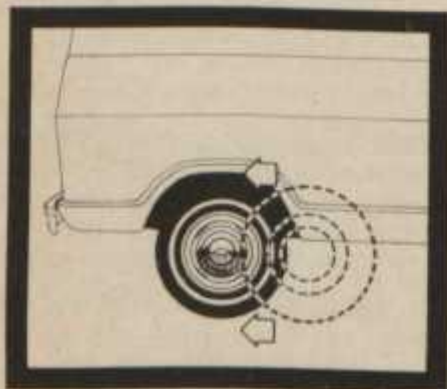
Some firms hold an occasional open house at which employees' families see where dad works and meet his foreman and fellow workers. Balloons and hot dogs are given out, and supervisors meet the employees' wives and kids.

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WHEN THE UNION KNOCKS *continued*

sylvania, who has warded off several organizing stabs by large unions, throws birthday luncheons and dinners for every employee. These get-togethers give management a chance to chat informally about the plant and to review and explain plant problems in a relaxed atmosphere.

"Maybe the birthday parties sound a little corny," says the firm's personnel director, "but we think they've done more than anything else to establish employee loyalty."

Few things disrupt employee loyalty and morale more than a rumor mill—especially when the chief miller is a trained union organizer. Rumors usually are accompanied by an increase in complaints about company policy. Some of these complaints could mushroom into full-scale union campaigns against you.

You do want people to complain when something bothers them. But there are situations in which an employee feels he cannot talk out his problems with his foreman.

You don't want him scribbling his gripes on washroom walls or, worse, getting a sympathetic ear from a union organizer.

Provide an escape valve

You need a clear way of giving a man a fair hearing and a yes or no on his question or suggestion, coupled with an explanation. The procedure should offer review by top management as a final step.

In some cases a simple suggestion box is enough of a release valve. If you do use it, make sure you give a public answer to each question. Of course, occasionally the questions will need some editing, but try to get at the heart of what-ever irks the employee.

Be careful that your grievance procedure is not so formal—with shop stewards and other union-like apparatus—that a sharp organizer could seize it as ready-made political machinery for his purpose, Mr. Sinclair cautions.

Your complete grievance procedure doesn't have to be used often, but you should make sure that everyone knows it is available and is familiar with how it works.

Like all your work rules, your grievance and disciplinary procedures should be clearly stated, published, posted and handed to every employee. No one should have any doubts about why some form of discipline has been used on him.

Disciplinary procedures should be certain and consistent, but they also should be subject to review by more than one member of management. Industrial psychologists warn that if employees are not sure what type of punishment, if any, will result from rule-breaking, a great feeling of insecurity could result.

"Disciplinary procedures should be used to help the employee see and correct his mistakes so he won't go wrong again," says personnel specialist Carl Becker. "People don't like being punished, but they do want and expect to be corrected."

Every company is restricted as to what it can do in its employee relations. Laws vary from state to state. But by far the greatest number of restrictions, and the most troublesome ones, come from the federal labor law and the way it is administered by the NLRB.

Your firm probably comes under

A Nation's Business editor, just back from Yugoslavia, tells the inside story of how that nation's people are reacting to their dramatic shift from collectivism to private enterprise. See page 72.

NLRB jurisdiction if its volume of business exceeds:

\$50,000 outflow or inflow for non-retail.

\$100,000 gross revenue for office buildings.

\$500,000 gross volume for retail concerns.

\$50,000 for firms performing services for employers in interstate commerce.

\$250,000 gross volume for public utilities, except for taxicabs which must exceed a \$500,000 gross volume.

\$200,000 gross volume for newspapers.

\$100,000 gross volume for other forms of communications.

\$500,000 gross yearly volume for hotels and motels.

The NLRB also has jurisdiction over firms that have a "substantial impact" on national defense. Excluded, however, are firms doing strictly local business. Among the latter, the NLRB says, are horse-racing establishments.

If you have any doubts about whether your firm comes under the

NLRB's overlordship, you may write to any of the board's 31 regional or three subregional offices for an advisory opinion.

If NLRB claims you, you must be extremely careful about how you word your work rules, especially those restricting "solicitation" and "distribution." Solicitation refers to the face to face canvassing of employees for outside purposes, such as union organizing. Distribution is the word labor lawyers use for handing out leaflets and other material.

Nothing should be in your work rules that the NLRB considers "antiunion." Solicitation and distribution can be prohibited only during working hours and in work areas. The NLRB has decreed that a blanket work rule that says, in effect, "No solicitation or distribution at this plant" is an unfair labor practice—even if it is never enforced.

In several recent cases the NLRB ordered plants having such blanket rules to start bargaining with a union on the basis of union authorization cards and without benefit of an election.

Don't get hit with a ULP

But you can, and should, have rules forbidding employees from any type of solicitation or distribution during working hours and in work areas. These rules should be clearly worded, and copies should be given to new employees and placed permanently on bulletin boards. And you should abide by these rules consistently.

If you invoke them only to prevent union solicitation, the NLRB probably will hit you with a ULP. Nonsolicitation rules, the Board reasons, must be used solely to prevent disruption of work, not for countering unionization.

Likewise, nondistribution rules are based on the need for a clean, neat work area that is not littered with leaflets and other literature. But the NLRB says you can't extend such rules to nonwork areas, such as your parking lot or locker rooms.

While you can't prohibit a man from soliciting or distributing on his own time, you can, in most instances, have a rule forbidding employees from being on your property during their off hours.

Some labor lawyers believe you are courting trouble even if you allow solicitation for community projects, such as United Funds, during working hours. Others say that traditional management-approved so-

WHEN THE UNION KNOCKS *continued*

licitation is okay if your rule so states. "But," laments a lawyer from the second group, "who knows what the Board will think next?"

The NLRB's regulations regarding solicitation differ for the construction industry and department stores. There are a whole series of rulings for these types of businesses, varying according to local conditions.

You can, of course, prohibit a nonemployee from being on your property at any time—whether it is working hours or not. The only exceptions are in unusual situations in which a union has no other way to contact your employees. You must, however, be careful that you have not established a precedent of letting outsiders solicit on your property.

For example, an owner who allows a salesman to peddle in the parking lot and then tries to prohibit an outside union man from giving out leaflets in the lot, puts himself in a bad position with the NLRB, says Mr. Becker.

In all of this, you should not lose sight of your main purpose, which is to retain the loyalty of your employees. There have been cases in which employers were so strict on organizing activity that their employees were offended.

The result was that the employees voted for a union out of resentment.

The first inkling you may get that union organizers are at work in your plant could come in the form of new and unusual social groupings among employees or the appearance of strangers on your property. Unions do not rely so much any more on printed literature and campaign buttons as they do on personal contacts.

Only by talking with employees can they weave tailor-made contention and dissatisfaction.

Unions, therefore, have been making increased use of the "bore from within" tactic. Someone already on your payroll is paid to do union work, or an organizer is planted on your payroll as a new employee.

He propagates rumors and tries to convince employees that they have problems and the union is their salvation. As soon as possible, he'll quietly set up an organizing committee composed of sympathetic employees.

Your best defense is to brief your supervisors on the facts, so they

may stopgap rumors as they reach them.

Distribution of union literature usually doesn't come until after the organizing committee has held several meetings. Then leaflets start appearing in coat pockets and under windshield wipers. Notices will be mailed to employees' homes, too—sometimes using the company's own mailing machines.

Signing up employees

Typically, each letter will contain an authorization card and a request that the employee sign it. By signing, the employee authorizes the union to petition the NLRB for a representation election to determine what, if any, union must represent him at the bargaining table. Also—often unnoticed by the employee—most authorization cards say, in effect, that the signer approves of being represented by the union. Thus, if the union collects signatures on more than 50 per cent of a valid "unit" of employees, the NLRB could declare the union the legal bargaining agent without an election.

Once organizers have collected signatures from 30 per cent of the employees whom they want to bring into the union, they are entitled to petition the NLRB for an election. Most unions these days, however, prefer to get at least a safe 60 per cent of the cards signed before they make a move, says Herbert L. Segal, a Louisville, Ky., labor lawyer who specializes in representing unions.

The organizer will use every device he can dream up to get your employees to sign the cards. The NLRB, on the other hand, forbids your advising your employees in any way concerning the cards.

Organizers often use the gang-up technique. Several union hustlers will surround an employee and say something like, "Hey, Charlie, have you signed your card yet? You're about the only one who hasn't signed, you know. If you don't, we don't want you at our lunch table or in our car pool."

They also use subtler tactics. Employees whose job is to service other employees suddenly "forget" to serve persons who have not signed cards. Favorite agents for this technique are car drivers and employees who set up machines or clean up work areas.

To keep a loyal work force, you should make sure you are properly screening job applicants. This is especially true at new or rapidly expanding firms. Don't give the

screening job to the least experienced person in your personnel office.

Try to find out why an applicant decided to come to your plant. Talk with his previous supervisors. Remember, however, that refusal to hire a man solely because of his union attitude can be ruled an unfair labor practice.

Take a hard look at the man who comes from an organized plant and is so anxious to get on your payroll that he'll even take a cut in pay. He might be more than offsetting the cut with money from a union.

Just who the union organizer is can be critical, Mr. Segal points out.

A true union organizer can be held accountable for his unfair labor practices against you and your employees. But the NLRB since 1953 has ruled that employees who may be strong advocates of a union cannot be said to be agents of the union without overwhelming proof.

This means that they can threaten other employees with job squeeze-outs and even physical violence and the union need not fear that the NLRB will ever charge it with a ULP.

If a supervisor should do such a thing, his firm might be held responsible and saddled with an order to bargain with the union.

The NLRB recently ruled, however, that one employer was justified in firing a prounion man who made a throat-slitting gesture to another employee and told the man he was going to kill him if he did not sign an authorization card.

Even with this drastic act of coercion the NLRB would not go so far as to say that the union had committed an unfair labor practice. But, to the union's dismay, it did rule that the firm was not guilty of a ULP for firing the prounion man. The union had claimed that the man was being punished for union activity.

The NLRB, in a rare flash of propriety, ruled that threatening to cut another man's throat was not a proper union activity. **END**

[Next month: When the union presses its attack.]

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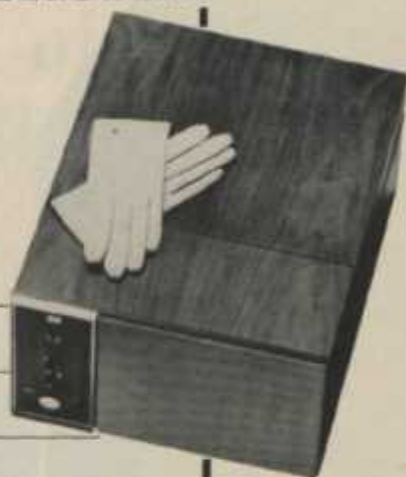
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STATEMENT OF OWNERSHIP

STATEMENT of ownership, management and circulation (Act of October 23, 1962: Section 4369, Title 39, United States Code)

1. Date of filing: September 28, 1966.
 2. Title of publication: NATION'S BUSINESS.
 3. Frequency of issue: monthly.
 4. Location of known office of publication: 1615 H Street, N. W., Washington, D. C. 20006.
 5. Location of the headquarters or general business office of the publishers: 1615 H Street, N. W., Washington, D. C.
 6. Names and addresses of publisher, editor, and managing editor: publisher, Arch N. Booth, Executive Vice President, Chamber of Commerce of the U. S. of America, Washington, D. C., editor, Jack Woodbridge, Washington, D. C., managing editor, Tait Trussell, Washington, D. C.
 7. Owner: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors; the officers are as follows: President: M. A. Wright, chairman of the board, Humble Oil & Refining Company, Houston, Tex. Chairman of the Board: Robert P. Gerholz, president, Gerholz Community Homes, Inc., Flint, Mich. Chairman of the Executive Committee: Walter F. Carey, president, Automobile Carriers-Dealers Transit, Inc., Birmingham, Mich. Treasurer: Allan Shivers, Investments, Austin, Tex. Executive Vice President: Arch N. Booth, Chamber of Commerce of the U. S. A., Washington, D. C. Vice Presidents: Henry C. Coleman, chairman of the board, Commercial Bank at Daytona Beach, Daytona Beach, Fla.; Frank P. Fogarty, president, Meredith Broadcasting Company, Omaha, Neb.; Robert S. Ingersoll, chairman and chief executive officer, Borg-Warner Corporation, Chicago, Ill.; Frank A. Kemp, chairman of the board, The Great Western Sugar Company, Denver, Colo.; Ernest J. Loebecke, chairman of the board, Title Insurance and Trust Company, Los Angeles, Calif.; George L. Stearns, 2nd, president, L. L. Stearns & Sons, Williamsport, Penna.
 8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities: None.
 9. Paragraphs 7 and 8 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner. Names and addresses of individuals who are stockholders of a corporation which itself is a stockholder or holder of bonds, mortgages or other securities of the publishing corporation have been included in paragraphs 7 and 8 when the interests of such individuals are equivalent to 1 percent or more of the total amount of the stock or securities of the publishing corporation.
 10. This item must be completed for all publications except those which do not carry advertising other than the publisher's own and which are named in sections 132-131, 133-132, and 132-133, Postal Manual (sections 4353a, 4353b, and 4356 of Title 39, United States Code)

	Average no. copies each issue during preceding 12 months	Single issue nearest date
A. Total no. copies printed (net press run)	822,471	834,361
B. Paid circulation		
1. Sales through dealers and carriers, street vendors and counter sales		
2. Mail subscriptions	795,369	802,324
C. Total paid circulation	795,369	802,324
D. Free distribution (including samples) by mail, carrier or other means	22,307	25,133
E. Total distribution (Sum of C and D)	817,576	827,457
F. Office use, left-over, unaccounted, spoiled after printing	4,895	6,804
G. Total (Sum of E & F—should equal net press run shown in A)	822,471	834,361

I certify that the statements made by me above are correct and complete.
 (Signature of editor, publisher, business manager, or owner)
 WILLIAM W. OWENS, business manager

One reason phone costs haven't gone up with living costs is that Western Electric is part of the Bell System.

Since 1940 consumer prices have gone up 127 per cent. But local and intrastate telephone rates have gone up only 45 per cent. And long distance telephone rates have actually gone down 22 per cent.

Keeping phone costs down is the work of everyone in the Bell System.

Western Electric's specific role? Keeping down the price of equipment the Bell telephone companies buy from us, not only the products we make, but the products we buy, too. And we buy a lot.

Last year we spent over a billion dollars purchasing raw materials and

supply items from over 40,000 firms. Most of these companies are small businesses.

To keep prices down, we encourage new cost-cutting ideas on the part of our suppliers. Ideas involving packaging, processes, materials — even basic changes in the products themselves. We look for new products to do a quality job at lower cost.

What did this mean in terms of our supply business? Although wholesale prices of all industrial commodities (except farm products and goods) have gone up 31 per cent since 1950, prices of supplies Western Electric purchases for the Bell telephone companies have increased only 11 per cent.

Keeping costs down is as important to Western Electric as it is to your Bell telephone company. We're on the same Bell System team. We have been since 1882, working together with the same purpose: to continue to bring you the world's finest telephone service at low cost.



Western Electric

MANUFACTURING & SUPPLY UNIT OF THE BELL SYSTEM



The heat's on

Our economy has a lot of steam in it right now. The pressure is generating inflation too fast for comfort. Apparently something has gone wrong.

When canny old James Watt invented the steam engine almost 200 years ago, he borrowed the idea of a safety valve from a cooking kettle. But Watt's machine was successful not because of the valve, but because he learned how to control the steam pressure within the engine.

Washington experts have tried to correct the current situation by tinkering with the safety valve. They've tightened up the screws so the danger whistle won't be so clear. But they keep right on adding loads of fuel—in the form of unnecessary federal spending—to the fire under the boiler.

James Watt could have told them what they're doing is wrong—they're running the risk of blowing the whole thing up.

Nation's Business • November 1966

MORE THAN 765,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY

It's a challenger. As far from what you're used to seeing over your head as we could make it. And we're talking about a lot more than this ceiling's boldly original appearance.

This is a new breed—the ceiling system. The one below is our latest (designated "C-60") and one of three Armstrong Luminaire Ceiling Systems. Their story? First, they combine all essential ceiling functions into a single, easy-to-install system. Second, they've out-performed practically every conventional ceiling pitted against them. And saved a lot of people a lot of money doing it.

Take lighting. Because Luminaire's vaulted lighting modules are larger, more open, and more reflective than most conventional fixtures, you can achieve desired lighting levels with fewer lamps. Result: lower-cost lighting. And because all the lamps are



Below: a peek at the future. In this accounting area, the workday becomes a marvel of efficiency, comfort, and maximum rearrangement flexibility. Among other conveniences: televised information retrieval—both individual and group; hideaway seating; modular floors with rise up storage and refreshment units; and work stations bristling with electronic time-savers. Innovation like this? Soon. The ceiling? Here today.

tucked up into the modules, most of them are hidden from the eye. So there's a lot less glare. Result: more comfortable lighting.

Or take air distribution. With Luminaire, conditioned air flows into the room through thousands of imperceptible perforations in the ceiling panels. In other words, the whole ceiling acts as one massive air distributor. So every part of the room below gets the same amount of air, at the same velocity. Result: unusu-

ally draft-free, uniformly comfortable rooms. And because the ceiling itself distributes air, very little air-handling ductwork is needed above it, no diffusers below it. Result: Luminaire installation costs are usually much lower.

We could go on. But you get the point. Luminaire is a boldly different approach in ceilings. Yet an eminently sensible one. Because it gets to the heart of the *real* problem in modern ceiling design: "How to get more useful work out of a ceiling . . . and save money doing it." Our color booklet by that title tells all. Write for it: Armstrong, 4211 Mercantile Street, Lancaster, Pa. 17604.

CEILING SYSTEMS BY
Armstrong

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